and income statements: 1983

Company	Total pension benefits $ mil.	Vested benefits $ mil.	Fund assets $ mil.	Vested funding status $ mil. 1983	Vested funding status $ mil. 1982	Assumed rate of return (%) 1983	Assumed rate of return (%) 1982	Net worth $ mil.	1982 vested funding status as percentage of net worth %	Pension assets as percentage of net worth %	Corporate assets $ mil.	Pension assets as percentage of corporate assets %	Pension expense $ mil.	Operating income $ mil.	Pension expense as percentage of adjusted operating income %
Heinz (H.J.)	185.3	158.3	202.2	43.9	3.9	9.0	9.0	1,130.9	3.9	17.9	2,178.7	9.3	35.5	396.5	8.2
Hewlett-Packard	516.0	379.0	652.0	273.0	215.0	9.0	10.3	2,887.0	9.5	22.6	4,161.0	15.7	82.0	728.0	10.1
Honeywell	983.3	851.6	1,116.7	265.1	12.4	8.0	8.0/15.6	2,313.7	11.5	48.3	4,675.4	23.9	88.9	336.9	20.9
IC Industries	304.1	287.2	313.8	26.6	2.9	8.0	8.0	1,121.1	2.4	28.0	3,985.1	7.9	26.1X	188.7	12.2
Int'l. Bus. Machines	7,452.0	7,154.0	10,388.0	3,234.0	1,642.0	5.5	5.5	23,219.0	13.9	44.7	37,243.0	27.9	1,180.0	9,589.0	11.0
Int'l Paper	784.0	753.0	1,047.0	294.0	279.0	8.0	7.5	3,321.2	8.9	31.5	5,617.1	18.6	20.0	104.3	16.1
ITT	324.4	314.3	272.9	−41.4	−23.7	9.0	8.9	5,417.2	−0.8	5.0	13,966.7	2.0	48.5	957.2	4.8
Johnson & Johnson	268.3	245.1	475.1	230.0	115.1	8.5	7.5	3,026.5	7.6	15.7	4,461.5	10.6	59.9	743.1	7.5
Litton Ind.	673.0	654.0	803.0	149.0	50.0	7.0	7.0	1,789.5	8.3	44.9	3,999.4	0.0	30.9	311.8	9.0
Lockheed Corp.	2,189.0	2,104.0	2,905.0	801.0	702.0	8.4	8.6	826.2	96.9	351.6	2,829.6	102.7	152.0	527.4	22.4
LTV	2,079.5	1,861.9	1,646.2	−215.7	−252.7	10.0	10.0	971.8	−22.2	169.4	4,406.3	37.4	157.4	−212.8	M
Martin Marietta	651.5	605.0	1,095.7	490.7	468.5	4.0/9.5	4.0/11.0	730.4	67.2	150.0	2,737.7	40.0	90.0	168.9	34.8
McDonnell Douglas	1,873.5	1,651.8	2,508.7	856.9	486.3	8.0	8.0	2,067.9	41.4	121.3	4,791.8	52.4	197.1X	263.6	42.8
3M	796.0	623.0	989.0	366.0	207.0	8.0	8.0	3,698.0	9.9	26.7	5,760.0	17.2	113.0X	1,139.0	9.0
Mobil	2,940.0	2,870.0	3,191.0	321.0	152.0	6.0	6.0	13,952.0	2.3	22.9	35,072.0	9.1	280.0	4,026.0	6.5
Monsanto	1,641.0	1,463.0	1,958.0	495.0	331.0	7.5	7.5	3,667.0	13.5	53.4	6,427.0	30.5	131.0	555.0	19.1
Motorola	111.0	91.0	234.0	143.0	111.0	7.0	7.0	1,948.0	7.3	12.0	3,236.0	7.2	12.0	333.0	3.5
Nabisco Brands	491.6	449.3	433.1	−16.2	−26.2 R	9.0	9.0	1,708.6	−0.9	25.3	3,625.5	11.9	82.5	628.1	11.6
NCR	459.8	441.9	574.0	132.1	78.4	8.5	8.5	2,044.6	6.5	28.1	3,560.3	16.1	486.0	487.2	49.9
North Amer. Phillips	319.1	281.1	495.1	214.0	137.7	5.0/7.5	5.0/7.5	883.9	24.2	56.0	2,252.5	22.0	40.9	203.8	16.7
Occidental Petroleum	166.9	160.8	237.1	76.3	345.2	8.0	8.0	2,369.1	3.2	10.0	11,775.4	2.0	6.0	1,833.8	0.3
Pepsico	307.9	235.3	361.6	126.3	81.3	7.0	7.0	1,794.0	7.0	20.2	4,638.3	7.8	47.7	548.5	8.0
Pfizer	322.8	301.7	365.1	63.4	80.3	9.3	10.5	12,180.8	0.5	3.0	3,936.1	9.3	40.8	757.6	5.1
Philip Morris	463.2	388.9	614.8	225.9	156.3	7.5	7.5	4,033.7	5.6	15.2	9,667.0	6.4	94.0X	1,746.6	5.1
Phillips Petroleum	809.0	679.0	1,258.0	579.0	371.0 R	7.5/8.0	8.0	6,149.0	9.4	20.5	13,094.0	9.6	33.0	2,176.0	1.5
Procter & Gamble (B)	——	——	——	——	——	——	——	——	——	——	8,135.0	——	——	1,529.0	——
R.J. Reynolds Inds.	875.0	745.0	1,053.0	308.0	210.0	8.0	8.0	5,223.0	5.9	20.2	9,874.0	10.7	105.0	1,587.0	6.2
Ralston Purina	239.1	206.1	338.1	132.0	100.0	6.0	6.0	1,104.1	12.0	30.6	2,101.2	16.1	21.3	498.5	4.1
Raytheon Co.	777.4	717.0	869.9	152.9	166.5	7.0	7.0	1,887.4	8.1	46.1	3,728.7	23.3	85.1	605.9	12.3
Rockwell Int'l.	3,150.0	2,729.0	3,423.0	694.0	349.0	7.0	5.5/7.0	2,337.6	29.7	146.4	5,231.1	65.4	255.5	578.0	30.7
Shell Oil	1,230.0	1,121.0	1,926.0	805.0	697.0	9.0	9.5	11,359.0	7.1	17.0	22,169.0	8.7	167.0	3,138.0	5.1
Signal Cos.	548.0	499.0	701.0	202.0	102.0 R	7.5	7.5	2,504.0	8.1	28.0	5,203.0	13.5	64.0	160.0	28.6
Sperry Corp.	815.3	753.5	1,078.7	325.2	364.8	8.0	8.0	2,398.9	13.6	45.0	5,330.3	20.2	95.4	343.9	21.7
Std. Oil (Calif.)	1,059.0	1,011.0	1,413.0	402.0	223.0	8.0	8.0	14,106.0	2.8	10.0	24,010.0	5.9	111.0	2,236.0	4.7
Std. Oil (Ind.)	1,474.0	1,434.0	1,635.0	201.0	80.0	8.0	8.0	12,440.0	1.6	13.1	25,805.0	6.3	129.0	3,481.0	3.6
Std. Oil (Ohio)	875.0	812.0	998.0	186.0	110.0	8.0	7.0	8,094.0	2.3	12.3	16,362.0	6.1	70.0	2,441.0	2.8
Sun Compay	858.0	787.0	1,118.0	331.0	235.0	9.0	8.0	5,172.0	6.4	21.6	12,466.0	9.0	75.0	1,176.0	6.0
Tenneco	789.0	707.0	901.0	194.0	34.0	7.6	7.2	5,173.3	3.8	17.4	17,994.0	5.0	94.0	1,346.0	6.5
Texaco	782.0	725.0	1,235.0	510.0	469.0	9.4	9.8	14,726.0	3.5	8.4	27,199.0	4.5	175.0	1,513.0	10.4
Texas Instruments	275.4	246.5	440.7	194.2	165.8	6.0	6.0	1,202.7	16.1	36.6	2,713.3	16.2	58.5	−288.1	M
Time Inc.	113.3	105.0	127.2	22.2	7.9	8.0	8.0	881.0	2.5	14.4	2,273.3	5.6	22.0	274.6	7.4
TRW Inc.	1,014.6	937.2	1,361.2	424.0	257.1	8.5	8.5	1,573.0	16.3	86.5	3,321.4	41.0	112.7	−367.3	M
U.S. Steel	6,955.0	6,562.0	8,479.0	1,917.0	855.0	10.0	10.0	4,570.0	41.9	185.5	19,314.0	43.9	288.0	429.0	40.2
Union Carbide	1,457.0	1,352.0	2,176.0	824.0	526.0	9.5	10.0	4,929.0	16.7	44.1	10,295.0	21.1	186.0	455.0	29.0
Union Pacific	328.0	328.0	375.0	47.0	23.8	7.0	7.0	4,056.0	1.2	9.2	10,218.0	3.7	43.0	287.0	13.0
United Technologies	2,351.9	2,193.1	3,255.2	1,062.1	883.8	7.9	7.8	3,253.9	32.6	100.0	8,720.1	37.3	215.5	916.3	19.0
Unocal	660.3	629.3	809.4	180.1	121.0	7.0	7.0	5,180.1	3.5	15.6	9,228.0	8.8	54.1	1,485.9	3.5
Westinghouse	3,113.7	2,718.9	2,975.2	256.3	−102.0	12.3	8.3	3,410.3	7.5	87.2	8,569.0	34.7	119.0	477.8	19.9
Weyerhaeuser	438.2	417.9	533.5	115.6	74.2	9.5	9.5	2,836.9	4.1	18.8	5,945.6	9.0	39.5	285.0	12.2
Xerox Corp.	1,040.9	1,031.2	1,109.9	78.7	54.0	8.0	8.0	4,222.4	1.9	26.3	9,296.9	11.9	153.3	595.6	20.5

Operating income:
Income derived from actual operations of the company.

Pension expense:
The amount charged against income to fund benefit payments in a given year.

Corporate assets:
The value of all corporate assets, as shown on the balance sheet.

Vested funding status as a percentage of net worth:
A comparison of the vested funding status, either positive or negative, to a company's net worth.

NOTES:

A — Includes assets the company owes but has not contributed to the plan.

B — Procter & Gamble has a profit sharing plan and no defluded benefit plan.

C — American Home Products' entire plan is insured with Metropolitan Life.

M — Pension statistics as a percentage of a negative operating profit is meaningless.

R — Restated.

X — Includes Canadian or overseas plans.

Source: Wright Investors' Service, Bridgeport, Conn.

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Advanced Business Systems
S-10 Routes 4 & 17, Paramus, N.J. 07652; (201) 845-5666

Advanced Business Systems provides microbased back-office management, client reporting and performance measurement systems.

Among the key features of its IMPACT software package are performance measurement for U.S. securities; performance analysis and diagnosis; complete in-house investment management; and portfolio accounting systems.

The firm has three professional consultants.

Fees may be paid in hard or soft dollars.

IMPACT is available on various-sized systems. It uses the Alpha-Micro line of super-microcomputers and soon be will available on the IBM-PC XT.

The client contact is Nigel Wilson, president.

Am Cal Co.
4737 Lankershim Blvd., North Hollywood, Calif. 91602; (818) 763-6206 or (213) 877-0212

Am Cal, a real estate specialist, provides development of investment policies and objectives, and asset allocation guidance.

The firm's services also include real estate investment planning, real estate loan underwriting, and real estate investment feasibility and market studies.

Am Cal has expertise in real estate investment and advisory services and in writing investment guidelines.

Am Cal does not engage in manager evaluation and selection.

It has five clients on retainer and one non-retainer client.

Professional consultants at the firm number five.

Fees are paid in hard dollars.

Retainer clients include Missouri State Employees Retirement System, Hawaii Masons Pension Fund, Development Foundation of Southern California, the Carpenters Pension Trust for Southern California and Pacific Van Lines.

The client contact is S.Q. Della Grottz. vice president.

Associated Research Consultants/ARC
32-20 Lakewood Ave. S., Seattle, Wash. 98144; (206) 725-1302

ARC, founded in 1983, has special expertise in real estate consulting. It offers research performance measurement and analysis of the real estate market.

Other services include market timing, optimization models, portfolio simulations and volatility measures.

The firm had three non-retainer clients in 1983.

The firm will consult on a project basis. There are four consultants.

Fees are paid in hard dollars.

The client contact is Gale Devol.

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Bank of America
315 Montgomery St., Suite 1610, San Francisco, Calif. 94104; (415) 622-8712

Bank of America provides development of investment policies and objectives, and asset allocation guidance.

The bank offers manager evaluation and selection, and performance measurement and analysis for domestic investments. It also offers investment performance measurement for foreign investments.

The bank also offers investment management services through its subsidiary BAIMCO.

Retainer clients number 27. It has three non-retainer clients.

Fees are paid in hard and soft dollars.

There are three professional consultants.

The client contact is Brenda K. Teel, vice president and director of consulting services.

Beam & Associates
Fiduciary Information Development Department
Morgan, Olmstead, Kennedy & Gardner
606 S. Olive, Los Angeles, Calif. 90014; (213) 625-1611 or (209) 299-4152

Beam & Associates assist in three distinct consulting activities for fiduciaries:

Construction, revision and coordination of investment policy and directives with measurable guidelines, objectives and asset allocation; the search for and evaluation of domestic and foreign investment management organizations; and the preparation and presentation of a comprehensive quarterly appraisal of performance analysis.

Beam has 20 retainer clients and five non-retainer clients. The firm has two professional consultants and two additional associates. Fees can be paid with hard or soft dollars.

Clients include Jacobs Engineering, Aviall Inc. and Southern California Glaziers & Glassworkers.

The client contact is Ed Beam.

Berg Fiduciary Consultants
19 W. 44th St., Suite 1200, New York, N.Y. 10036; (212) 719-3544

Berg Fiduciary provides a broad range of investment consulting services including policy formulation, asset allocation, evaluation and selection of domestic and foreign managers, guaranteed contract negotiation, and measurement and analysis of U.S. investment management performance.

The firm also is responsible for research support of Plan Sponsor Network, a joint venture with Effron Enterprises Inc.

Data bases maintained include U.S. equity, fixed and balanced managers, foreign managers, real estate managers and GIC rates.

The firm has expertise in the areas of microcomputer graphics, asset modeling and data base management systems that are used with virtually all clients in research, analysis and report generation.

The firm has nine retainer clients and one non-retainer client. There are three professional consultants. Fees are paid with hard or soft dollars.

Clients include Booz, Allen & Hamilton, Insilco, Moore McCormack Resources, Retail Clerks Unions and Employers Pension Trust and Southern New England Telephone.

The client contact is Paul E. Berg, president.

Berla Associates
2700 Oak Road, Suite 18, Walnut Creek, Calif. 94596; (415) 947-0320

Berla Associates is a newly formed company offering development of investment policies and objectives, asset allocation guidance, evaluation and selection of domestic managers, and domestic performance measurement and analysis. Foreign investment performance measurement also is offered.

Fees are payable with hard dollars; there is one professional consultant.

The client contact is George Berla.

Alan D. Biller & Associates
P.O. Box 1414, Palo Alto, Calif. 94302; (415) 328-7283

Alan D. Biller & Associates provides development of investment policies and objectives, and asset allocation guidance.

It also offers integration of uncertainties about assets and liabilities in a decision procedure based on stochastic optimization. The emphasis is usually on identifying a feasible combination of contribution and asset allocations that meet the sponsor's objective.

The firm does not aid in evaluating and selecting managers.

The firm has five non-retainer clients. It has one professional consultant. Fees are usually paid with hard dollars but can be paid with soft.

The client contact is Alan D. Biller.

Boston Investment Systems
149 Pearl St., Boston, Mass. 02110; (617) 451-2152

Boston Investment Systems performs portfolio accounting system searches for money managers and sponsors.

It has expertise in performance measurement, order and trade inventory control, and portfolio construction.

The firm has four professional consultants.

Fees are paid with hard or soft dollars.

The client contact is Preston R. Ford.

Buck Pension Fund Services
2 Pennsylvania Plaza, New York, N.Y. 10121; (212) 279-4400

Buck Pension Fund Services is a subsidiary of Buck Consultants Inc., which is an actuarial and benefit consulting firm.

Buck Pension Fund Services provides manager evaluation and selection services, investment policy and asset allocation guidance, and performance measurement and analysis. The firm monitors managers of U.S. stocks and bonds, real estate, international investments, venture capital, and oil and gas investments.

The firm has expertise in mutual fund investments.

It has 16 retainer clients and 50 non-retainer clients. There are five professional consultants.

Fees are paid with hard or soft dollars.

Clients include the New York State Teachers' Retirement System, Consolidated Foods Corp. and Allegheny Power Corp.

The client contact is Catherine Higgins, president.

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Callan Associates Inc.
859 Harrison St., Suite 200, San Francisco, Calif. 94107; (415) 974-5060

Callan Associates offers manager evaluation and selection services, asset allocation guidance and aids in setting investment objectives.

It also provides performance mea-

surement of U.S. stocks and bonds, real estate and international investments, and performance analysis and diagnosis.

Other services offered by the firm include consulting on immunized bonds vs. GICs vs. dedicated bonds. The firm also provides portfolio audits for 190 accounts.

Callan has special expertise in real estate, international investments, venture capital, oil and gas, and mortgages.

The firm has 150 clients on retainer. Non-retainer clients in 1983 numbered 40. The firm has 13 professional consultants.

The firm also sponsors the Callan Investment Institute, a continuing education and research facility for the pension and investment industry.

Fees are paid with hard and soft dollars.

The client contact is Ronald D. Peyton, president.

Collins Associates

567 Nicolas Dr., Suite 302, Newport Beach, Calif. 92660; (714) 644-5771

Collins Associates provides development of investment policies and objectives, and asset allocation guidance. It also offers domestic and foreign manager selection and evaluation, as well as providing performance measurement and analysis of such investments.

Collins has expertise in teaching corporations to manage retirement funds as profit centers, and to dramatically improve performance without increasing risk.

The firm has 14 retainer clients.

It has five professional consultants; fees are paid with hard dollars.

Clients include Xerox, Superior Oil and Safeway Stores.

The client contact is Budge Collins.

Colonial Consulting Corp.

Suite 420, 610 Fifth Ave., New York, N.Y. 10020; (212) 307-1830

Colonial Consulting offers manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments.

It also provides development of policies and objectives, and asset allocation guidance, as well as aiding in the evaluation and selection of master trustee and custodial banks.

Colonial has special expertise in all services offered as they relate to endowments, foundations and corporate retirement plans.

Retainer clients with the firm number 10. It has two professional consultants. Fees are paid with hard or soft dollars.

Clients include the trustees of the National Board of YMCAs, the Salvation Army (Eastern and Southern Territories), American University of Beirut, Carnegie Endowment for International Peace, American Baptist Church USA, Frontier Holding Inc. and Virginia Electric & Power.

The client contact is John K. Goodrich, president.

Computer Directions Advisors Inc.

11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700

Computer Directions Advisors performs asset allocation and manager evaluation and selection services. It also provides U.S. performance measurement and analysis, and analysis of management styles.

CDA has expertise in on-line and IBM-PC performance measurement and a "universe" of comparative performance statistics. It does not offer investment management services. The CDA universe includes 1400 investment advisers, banks, insurance companies and mutual funds.

There are four professional consultants. CDA has 300 non-retainer clients; fees are paid in hard or soft dollars. Clients include J. Paul Getty Trust, state of Wisconsin and Connecticut National Bank.

The client contact is David G. Cook, vice president-marketing.

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D.A. Management Consultants Inc.

16541 Gothard St., Suite 202, Huntington Beach, Calif. 92647; (714) 842-0162

D.A. Management Consultants provides development of investment policies and objectives.

It does not offer manager evaluation and selection services.

The firm has expertise in real estate equities and mortgages, and offers investment manager services in real estate.

There are two professional consultants. Fees are paid with hard dollars.

Clients include the Orange County Retirement System.

Daniel M. Ardell is client contact.

DeMarche Associates

P.O. Box 7027, Kansas City, Mo. 64113; (913) 384-4994

DeMarche offers investment objective setting, asset allocation guidance and manager evaluation and selection. It provides performance measurement of domestic stock, bond and real estate investments as well as international investments. The firm also provides performance analysis and diagnosis.

DeMarche has expertise in real estate, international investing, oil and gas, and GICs.

Other services offered by the firm include four levels of dynamic asset allocation, including specific asset allocation (timing), recommendation by market sector (investment philosophy) and asset class, and traditional long-term static asset ranges.

The firm had more than 100 retainer clients and eight non-retainer clients in 1983. It has six professional consultants. Fees are paid with hard or soft dollars.

Clients include Southern California Edison, Inland Steel and Levi Strauss.

The client contact is Samuel T. DeKinder, executive vice president.

Dorn & Jhung

80 E. Sir Francis Drake Blvd., Suite 3A, Larkspur, Calif. 94939; (415) 461-6262

Dorn & Jhung provides development of investment policies and objectives, asset allocation, manager evaluation and selection, and analysis of domestic investment performance.

It also evaluates and selects master trustees, performance measurement vendors and real estate managers.

The firm specializes in optimization of manager structures and evaluation of investment styles.

It has eight clients on retainer and two on non-retainer.

The firm has two professional consultants.

Fees are paid in soft and hard dollars.

Retainer clients include Amfac, Albertsons Inc., Total Petroleum Inc., Retail Clerks (Washington) Pension Trust, and the National Foundation for Cancer Research.

The client contact is Douglas Dorn, partner.

Dym, Frank & Co.

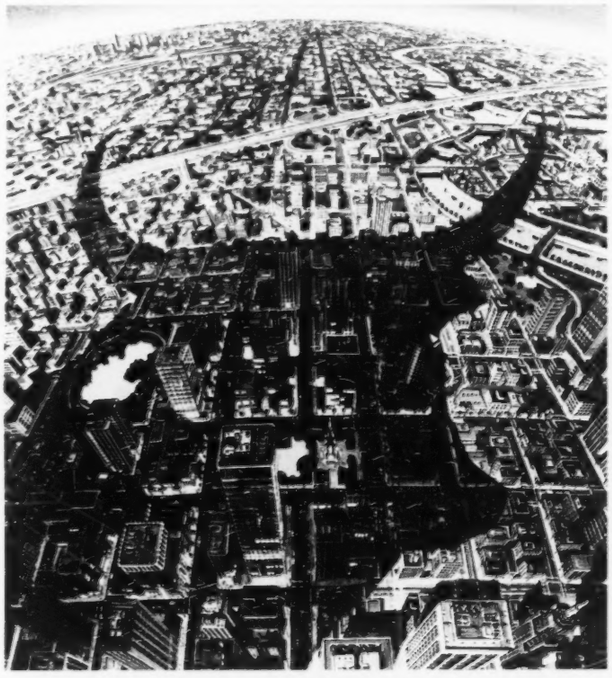
1718 22nd St. N.W., Washington, D.C. 20008; (202) 667-5001

The firm offers asset allocation and investment objective services, but does not engage in manager evaluation and selection.

Other services offered include investment strategy advisory services, analysis of monetary and fiscal policy, and quantitative research and development projects.

The firm has expertise in creating computerized investment decision-making systems for management of institutional equity portfolios including stock selection models and market timing models.

It has five retainer clients. There are two professional consultants and sev-



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eral associates.

Fees are paid with hard or soft dollars.

Clients include Aetna Life & Casualty, Sterling Grace and the American Foreign Service Association.

In addition to its consulting services, the firm manages both tax-exempt and taxable assets.

The client contact is Charles H. Dym.

e

Effron Enterprises Inc.

363 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200

Effron Enterprises provides domestic and foreign performance measurement.

The firm offers an on-line security transaction accounting and reporting system. It also provides customized computer-related services for investment, and financial analysis on its on-line system.

It has expertise in international investing and convertibles through computerized investment and financial analytical services.

The firm does not engage in manager evaluation and selection.

Fees are paid with both hard and soft dollars.

The client contact is Barry Effron.

Equitable Pension Investment Consulting

1270 Avenue of the Americas, 25th Floor, New York, N.Y. 10020; (212) 315-7733

Equitable Pension Investment Consulting develops investment policies and objectives, and provides asset allocation guidance. It conducts U.S. performance measurement and analysis.

The company also does asset/liability planning for pension plan sponsors.

It specializes in asset allocation, actuarial services and investment management.

Investment management services are offered through pooled separate accounts in individually managed portfolios.

The firm has eight clients on a non-retainer basis, and five professional consultants.

Fees are paid with hard and soft dollars.

Paul Guidone, division head, is the client contact.

Evaluation Associates Inc.

25 Sylvan Road S., Westport, Conn. 06880; (203) 226-7864

Evaluation Associates provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. and foreign manager evaluation and selection, as well as performance measurement and analysis.

It has expertise in qualitative evaluation of investment styles and organizations.

Retainer clients number 53.

There are 29 professionals, six of whom are consultants. Fees are paid with hard and soft dollars.

Clients include Gulf Oil, Nabisco Brands, CPC International, Minnesota State Board of Investment and Consolidated Edison.

The client contact is John Carroll, director of consulting.

f

THE FIDUCIARY CONSULTING GROUP of Butcher & Singer Inc.

2200 Pittsburgh National Bldg., Pittsburgh, Pa. 15222; (412) 471-4700

The Fiduciary Consulting Group provides development of investment policies and objectives, asset allocation guidance, and the evaluation, selection and performance measurement and analysis of both U.S. and foreign advisers.

The group also offers a portfolio classification and ranking system known as G.R.I.D. (Graphical Ranking of Investment Descriptors).

The company has expertise in developing "efficient combinations of asset mixes and managers." It also has expertise in implementing asset management alternatives for 401(k) plans and in establishing dedicated and immunized bond portfolios.

There are 14 professional consultants. The firm has 65 retainer and 14 non-retainer clients.

Fees are paid in hard or soft dollars.

Among the retainer clients are Binney & Smith, Best Products, Coopers & Lybrand, Pennsylvania State Workman's Insurance Fund and Wheeling-Pittsburgh Steel Corp.

The client contact is James E. Yanni, senior vice president; manager contact is Grant D. Kalson, vice president.

First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill. 60670; (312) 732-4000

First Chicago provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. manager evaluation and selection.

The firm provides U.S. and foreign investment performance measurement and analysis.

First Chicago has expertise in asset allocation, establishing policy portfolios and strategy asset allocation on a global basis.

The firm had three non-retainer clients in 1983. Fees are paid in soft and hard dollars. Investment management services are provided.

The client contact is Jeffrey J. Diermeier, vice president, head of asset allocation.

Gifford Fong Associates

233 Wilshire Blvd., Suite 303, Santa Monica, Calif. 90401; (213) 393-9891

Gifford Fong Associates offers guidance in allocating assets and setting investment objectives. It also provides domestic and foreign performance measurement, analysis and diagnosis. The firm does not engage in manager evaluation or selection.

It has expertise in fixed-income analysis, including active and passive management, and immunization.

Fees are paid mostly with soft dollars. The firm has 24 professional consultants.

Clients include the state of Connecticut, General Motors, General Dynamics and the state of California.

The client contact is Gifford Fong, president.

Fund Monitoring Services

6 E. 45th St., New York, N.Y. 10017; (212) 661-5560

Fund Monitoring Services offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides domestic and foreign performance measurement, and performance analysis and diagnosis.

Fund Monitoring Services provides software systems for either installation or on-line for accounting and monitoring functions.

Fees are paid with hard and soft dollars. The firm has four professional consultants.

The client contact is Len Greer, president.

g

F. Gehm & Associates

2727 Midtown, Suite 37, Palo Alto, Calif. 94303; (415) 328-6539

F. Gehm & Associates provides development of investment policies and objectives. It also offers domestic manager evaluation and selection, and domestic performance analysis.

Other services include new financial products, portfolio strategy, price behavior and especially the use of futures and options.

The firm has expertise in futures and in the management and reduction of investment risk and cost.

There is one professional consultant.

Fees are paid with hard or soft dollars.

The client contact is Fred Gehm.

h

Halcyon Ltd.

55 High St., Hartford, Conn. 06103; (203) 527-1896

Halcyon offers development of investment policies and objectives as well as asset allocation guidance. It also analyzes U.S. investment performance.

The company does not offer investment management services.

Halcyon has expertise as development consultant for retail properties.

The firm has 30 professional consultants.

It has 20 clients on retainer and 50 on fixed contracts.

Fees are paid in hard dollars.

Among its clients are AT&T, Citibank, Aetna, Oxford Properties and Merrill Lynch.

The client contact is Michael Miller, senior associate.

Hamilton, Johnston & Co.

101 Carnegie Center, Princeton, N.J. 08540; (609) 452-0300

Hamilton, Johnston & Co. provides development of investment policies and objectives, and asset allocation guidance.

Hamilton, Johnston also offers domestic and foreign manager evaluation and selection, and domestic and foreign investment performance measurement and analysis.

Other services include systems for portfolio record-keeping, accounting and performance measurement, and performance measurement data bases.

The firm has 35 retainer clients and five non-retainer clients. Fifty clients use the firm's data services.

There are six professional consultants. Fees are paid with hard and soft dollars.

Clients include R.J. Reynolds, Pan American, New York state, and the Institute for Advanced Study.

The client contact is James R. Hamilton.

A.S. Hansen Inc.

1080 Green Bay Road, Lake Bluff, Ill. 60044; (312) 234-3400

A.S. Hansen provides development of investment policies and objectives, and asset allocation guidance. It offers domestic and international manager evaluation and selection, and also provides performance measurement of U.S. stocks, bond, real estate and international investments. It offers performance analysis and diagnosis.

A.S. Hansen has expertise in real estate, international investing, venture capital, oil and gas, GICs and portfolio performance analysis. It offers a diagnostic tool to evaluate characteristics of an investment manager's approach to equity and fixed-income management.

The firm also offers employee benefits actuarial determination and employee benefits plan design, communication and administration.

It has 10 professional consultants. Fees are paid in cash or directed brokerage.

Clients include Arthur Andersen, Illinois Municipal Retirement Fund, Pioneer Corp., Storage Technology and Household International.

The client contact is S.A. Lincoln, director.

Hazelhurst & Associates Inc.

600 Gas Light Tower, 235 Peachtree St. N.E., Atlanta, Ga. 30303; (404) 588-0602

Hazelhurst & Associates provides development of investment policies and objectives, and asset allocation guidance. The firm offers evaluation and selection, and provides domestic performance measurement, analysis and diagnosis.

It provides performance measurement for real estate and international investments.

Hazelhurst also provides actuarial services, plan design/administration and asset/liability forecasting.

The firm had 25 non-retainer clients in 1983.

It has 10 professional consultants. Fees are paid mostly in hard dollars.

The client contact is James Davies, investment consultant.

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Randall Helms Fiduciary Consultants Inc.

Suite 9400, 2 World Trade Center, New York, N.Y. 10048; (212) 775-1039

Randall Helms Fiduciary provides development of investment policies and objectives, and asset allocation guidance. It provides U.S. investment performance measurement and analysis. It also provides limited analysis and measurement of foreign investment performance, and limited evaluation and selection of U.S. managers.

The firm provides economic forecasting and investment management services.

It has 30 retainer clients. There are four professional consultants.

The client contact is James E. Huttar, vice president-marketing.

Hewitt Associates

100 Half Day Road, Lincolnshire, Ill. 60015; (312) 295-5000

Hewitt Associates offers development of investment policies and objectives, asset allocation guidance, U.S. and foreign manager evaluation and selection, and U.S. performance measurement and analysis.

Its expertise is in the evaluation of real estate and venture capital investments and the analysis and negotiation of GICs. No investment management services are offered.

Hewitt Associates has nine professional consultants; it has 30 retainer and 50 non-retainer clients.

Fees are payable in hard dollars.

Clients include American Can, Hershey Foods, Smith International and The Southern Co. System.

Ronald Jones, partner, is the client contact.

Higgins Associates

24 Federal St., Boston, Mass. 02110; (617) 426-1018

Higgins Associates performs services for both U.S. and foreign manager evaluation and selection. It develops investment policies and objectives and appropriate asset allocations. Higgins Associates also offers domestic and foreign performance measurement and analysis.

Other services offered include master trust accounting systems and a manager data bank for searches and evaluation. Investment management services are provided through mutual funds.

Ten clients are on retainer, 26 are non-retainer.

There are five professional consultants. Fees are paid with both hard and soft dollars.

Clients include Conrail, Scovill and Western Union.

E.M. Higgins, president, is the client contact.

B.G. Hitchens Capital Management

1176 W. Georgia St., Georgia Place, Suite #1430, Vancouver, British Columbia V6E 4A2; (604) 669-5588

B.G. Hitchens Capital offers Canadian, U.S. and foreign manager evaluation and selection. It also provides development of investment policies and objectives, and asset allocation guidance. The firm offers Canadian, U.S. and foreign investment performance measurement and analysis.

Other services provided include policy compliance and pension committee membership.

B.G. Hitchens publishes COMSTAT, a series of measurement systems. Its Canadian base offers five performance measurement systems.

The firm has 47 retainer and 95 non-retainer clients.

There are three professional consultants. Fees are paid with hard and soft U.S. and Canadian dollars and yen.

Clients include McIntyre, National Trust, Manufacturer's Life, Alberta Treasury and the AFL-CIO-CLC.

Barry G. Hitchens, president, is the client contact.

E.F. Hutton Consulting Group

824 Market St., Ninth Floor, Wilmington, Del. 19801; (302) 573-5850

E.F. Hutton Consulting Group helps in setting investment policies and objectives, and offers asset allocation guidance. The firm provides domestic and foreign manager evaluation and selection, and U.S. performance measurement and analysis.

The firm has expertise in investment manager consulting for smaller pools of assets ($10 million and less).

The firm has more than 100 retainer clients and more than 300 non-retainer clients.

There are 18 professional consultants. Fees are paid with hard and soft dollars.

The firm offers investment management services through Hutton Asset Management, Hutton Directions Management, Hutton Investment Management and Hutton Capital Management. It also offers trust services through its wholly owned E.F. Hutton Trust Co.

Clients include Arizona Retirement System, Arkansas Teachers Retirement System and Dana Corp.

The client contact is Len Reinhart.

INDATA

300 Peachtree St., Suite 10G, Atlanta, Ga. 30308; (404) 523-8500

INDATA provides manager evaluation and selection, performance measurement, analysis of domestic investment performance and foreign investment performance measurement and analysis.

The firm specializes in complete analysis with weekly delivery at low soft dollar payments.

The firm has 500 retainer clients.

It has six professional consultants.

Fees are paid mostly in soft dollars.

The client contact is William T. Kennedy, partner.

International Business Information Inc.

1735 Eye St. N.W., Washington, D.C. 20006; (202) 659-1461

International Business Information is the subsidiary of IBI, K.K. (Tokyo), specializing in Japan-related financial services consulting for high-technology, including computer hardware/software, robotics and biotechnology.

The firm offers development of investment policies and objectives as well as asset allocation guidance. It also performs sell/buy-related in-depth research and Japan-related fundamental analyses, including economic industry and company evaluations. No investment management services are offered.

IBI has 25 professional consultants.

There are 45 retainer clients and more than 50 non-retainer clients.

Payment is accepted in hard or soft dollars.

Morgan Guaranty Trust, Jardine Fleming and Henderson Baring are some of IBI's clients.

C. Tait Ratcliffe, president, is the client contact.

InterSec Research Corp.

48 Signal Road, Stamford, Conn. 06902; (203) 348-7101

InterSec Research, an international investment specialist, provides development of investment policies and objectives, and asset allocation guidance.

It provides foreign manager evaluation and selection, as well as foreign investment performance measurement and analysis.

Other services offered include a comparative analysis of the rules and practices of pension asset management in the major countries of the world for multinational corporations. For international financial institutions, the firm offers research and consulta-

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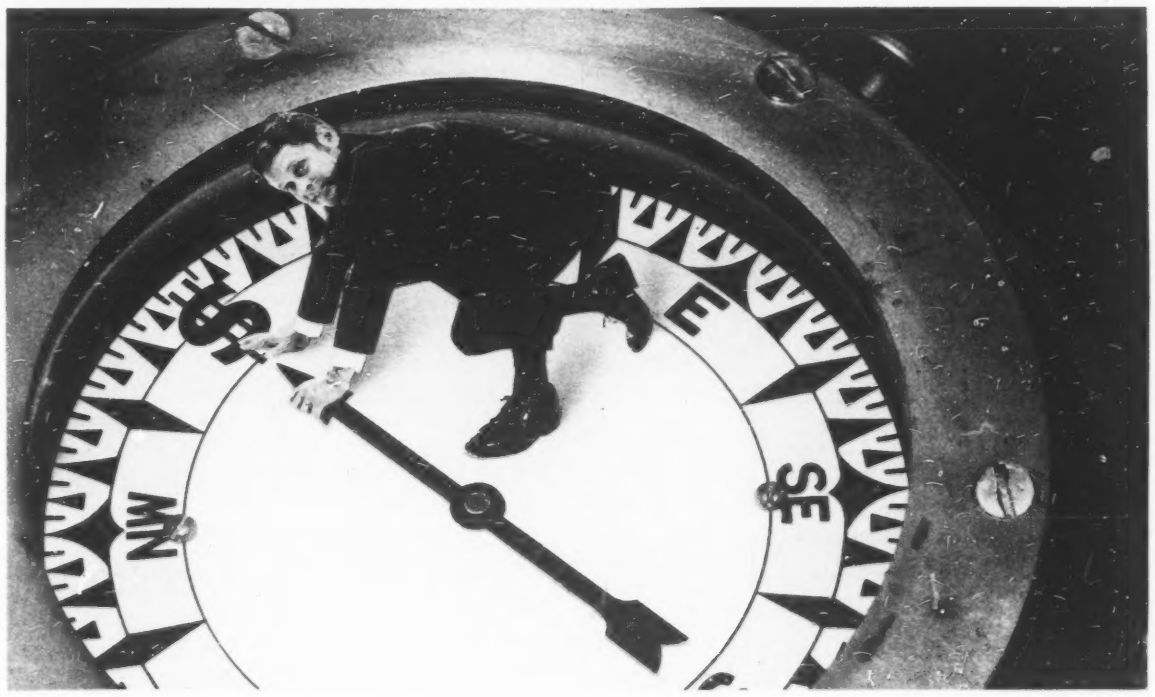

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tion regarding the global pension market and strategic opportunities within it.

InterSec specializes in international investing and overseas pension systems, focusing exclusively on the international diversification of assets.

The firm had 60 retainer and 30 non-retainer clients in 1983. Fees are paid with hard and soft dollars.

The firm also has offices in London and Tokyo. There are 10 professional consultants.

The client contact is Chris Nowakowski, president.

j

Jesup & Lamont Evaluating & Consulting Services

12233 W. Olympic Blvd., Suite 160, Los Angeles, Calif. 90064; (213) 820-6611

Jesup & Lamont provides development of investment policies and objectives, asset allocation guidance and U.S. and foreign manager evaluation and selection services. It conducts domestic performance measurement and analysis. It also offers investment management services.

The firm, a subsidiary of Jesup & Lamont Holding Co., New York, specializes in manager selection and 401(k) investment packages.

There are 15 retainer and 37 non-retainer clients. Jesup & Lamont has six professional consultants.

Fees are payable in soft or hard dollars.

Clients include GTI Corp., Del E. Webb Foundation, Kaiser Steel, Southern California Rapid Transit and Kelsey National.

The client contact is Thomas Clark Jones, president.

Johnson & Higgins Willis Faber

P.O. Box 70, 1 First Canadian Place, Toronto, Ontario M5X 1C2; (416) 862-5847

Johnson & Higgins Willis Faber provides development of investment policies and objectives, and asset allocation guidance. It also provides Canadian and foreign manager evaluation and selection.

The firm provides Canadian and foreign investment performance measurement and analysis.

The firm has expertise in the evaluation and selection of investment managers, trustees and custodians, and in setting investment objectives and guidelines.

The firm has two retainer clients and 40 non-retainer clients. Fees are paid in hard dollars.

Linda L. Grendon, pension fund consultant, is the client contact.

The survey of cash managers at the nation's 2,000 largest non-financial corporations will be published in the Aug. 20 issue of *Pensions & Investment Age*.

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k

Ronald A. Karp Associates

47 Maple St., Summit, N.J. 07901; (201) 522-1414

Ronald A. Karp Associates offers manager evaluation and selection, asset allocation guidance, and assists in setting investment objectives. It also provides performance measurement of domestic stocks and bonds, international securities, and real estate, as well as performance analysis and diagnosis.

Karp Associates has expertise in international markets, real estate and GICs. It offers research and analytical studies on the rationale for international, real estate and GIC investments.

The firm has 12 clients on retainer. Non-retainer clients number 15.

There are three professional consultants. Fees are paid mostly with hard dollars.

Clients include Brockway Glass, Pacific Lighting Corp., the Pennsylvania State Employees and the Kaiser-Permanente Medical Group.

The client contact is Ronald Karp.

Kauffman & Drebing, Registered Investment Advisors

1718 Locust St., Philadelphia, Pa. 19103; (215) 546-8016

Kauffman & Drebing provides development of investment policies and objectives, as well as asset allocation guidance.

It offers foreign and domestic manager evaluation and selection, and foreign and domestic performance measurement and analysis.

The firm's focus is on medium-sized companies, and not-for-profit companies.

Fees are paid with hard or soft dollars.

The client contact is Barbara G. Drebing.

l

Kenneth Leventhal & Co.

2049 Century Park East, Los Angeles, Calif. 90067; (213) 277-0880

Kenneth Leventhal & Co. provides development of investment policies and objectives, and asset allocation guidance.

The firm offers domestic and foreign manager evaluation and selection, as well as domestic and foreign performance measurement and analysis.

Its expertise is in real estate investments. The firm publishes Strategic Real Estate, a monthly newsletter on real estate investment issues.

The firm has more than 1,000 retainer clients; non-retainer clients number more than 1,000.

There are more than 100 consultants. Fees are paid primarily with hard dollars.

Stephen E. Roulac, chairman, National Management Advisory Services, is the client contact.

Lewis, Bailey Associates Inc. (Cambridge Associates)

600 New Hampshire Ave. N.W., Washington, D.C. 20037; (202) 298-3400 or 101 Summer St., Boston, Mass. 02110; (617) 482-8540

Lewis, Bailey [illegible]anager evaluation and selection, asset allocation guidance and assists in setting investment objectives.

It provides performance measurement of U.S. stocks, bonds, real estate and international investments. Lewis, Bailey also offers performance analysis and diagnosis.

The firm has expertise in real estate, international investments, venture capital, oil and gas, GICs, options, commodities and timberland custody.

The Cambridge Associates' arm of the firm specializes in working with endowments and other non-profit institutions. Lewis, Bailey specializes in working with pension funds.

Fees are paid mostly with hard dollars.

The client contacts are Hunter Lewis, managing director, in Washington, and David Thurston, senior vice president, in Boston.

Lipper Consulting Services

5 Carol Road, Westfield, N.J. 07090; (201) 233-8100

Lipper Consulting Services provides development of investment policies and objectives, and asset allocation guidance.

The firm offers domestic and foreign investment manager evaluation and selection, as well as measurement and analysis of both domestic and foreign investment performance.

It specializes in open-end (mutual) and closed-end funds. The firm tracks the performance of more than 1,250 investment companies and analyzes their portfolios. These results are published through a variety of services.

Investment management services are offered through an affiliate, Lipper Analytical Services. Portfolio assets are invested exclusively in open-end and closed-end funds.

Five clients are on retainer, and 10 on non-retainer. The firm has three professional consultants.

Fees are paid in hard and soft dollars.

Clients include the World Bank Pension Plan, Texas Gulf, The American Stock Exchange and the Securities Industry Association.

Henry Shilling, director of marketing, is the client contact.

m

James P. Marshall Inc.

10 King St. E., Suite 1000, Toronto, Ontario M5C 1C3; (416) 361-0225

James P. Marshall Inc. provides investment policies and objective setting, and guides in determining the appropriate asset allocation for Canadian funds. It aids in U.S. and Canadian manager evaluation and selection. It also provides U.S. and Canadian performance measurement and analysis.

Other services include master trustee selection, surveys that evaluate real estate and custodian selection.

The firm has expertise in investment policies, manager evaluation and selection, and establishing internal pension fund management departments.

The firm has 20 retainer clients and 15 clients for whom it provides an annual service.

There are five professional consultants. Fees are paid with hard or soft dollars.

Clients include Canada Steamship Lines, Zeller's, Coca-Cola, Saskatchewan Health-Care and Trans-Canada Pipe.

The client contact is M. Ann Marshall.

Meidinger Asset Planning Services

2600 Meidinger Tower, Louisville, Ky. 40202; (502) 561-4500

Meidinger Asset Planning offers investment policy and objective development, asset allocation guidance, and evaluation and selection of both U.S. and foreign managers. The firm also carries out performance measurement and analysis for U.S. and foreign investments.

Other services offered are negotiation and renegotiation of insurance contracts, master trustee selection and real estate selection.

The company does not perform investment management services.

Meidinger Asset, a subsidiary of William M. Mercer-Meidinger Inc., specializes in manager searches, GIC negotiations and linkage of asset liability modeling.

There are 200 retainer clients and 250 non-retainer clients. The firm has 22 professional consultants.

Fees are paid with hard dollars.

Clients include Major League Baseball Players, Federal Express, Foxboro Corp., Hammermill, Cincinnati Bell and Ernst & Whinney.

The client contact is Vernon S. Hodge, principal.

James Meketa Associates

1029 Beacon St., Newton Centre, Mass. 02159; (617) 786-6168

James Meketa Associates provides development of investment policies and objectives, and offers asset allocation guidance. It also provides U.S. performance measurement and analysis.

It has expertise in structuring multimanager approaches for endowment, Taft-Hartley and ERISA plans.

The firm has 20 retainer and 15 non-retainer clients.

It has six professional consultants. Fees are paid with hard dollars.

The client contact is John A. Denner.

Merrill Lynch Capital Markets

1 Liberty Plaza, New York, N.Y. 10080; (212) 637-4522

Merrill Lynch Capital Markets, a subsidiary of Merrill Lynch & Co., provides development of investment policies and objectives, as well as asset allocation guidance. It also offers performance measurements for the U.S. and foreign markets and analysis U.S. performance.

Investment management service is offered by Merrill Lynch Capital through stocks, bonds, money markets, real estate, commodities and other assets.

The company has 11 professional consultants servicing 950 clients on retainer.

Fees are payable with hard or soft dollars.

Clients include Atlantic Richfield, TRW, Directors Guild, United Food & Commercial Workers, the state of Minnesota and the United Methodist Church.

The client contact is Michael J. Galbreath, vice president.

O

Orben Associates Inc.

40 Wall St., New York, N.Y. 10005; (212) 269-9191

Orben Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement of domestic stocks and bonds, and performance analysis and diagnosis.

Orben Associates has expertise in venture capital and oil and gas.

The firm has seven retainer and eight non-retainer clients.

There are two professional consultants. Fees are paid with hard dollars.

Clients include General Computer, Interfaces, Estate Management Co. and Quasar Industries.

The client contact is Jack R. Orben.

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P

Peat, Marwick, Mitchell & Co. Investment Supervision Group

345 Park Ave., New York, N.Y. 10154; (212) 872-5949

Peat, Marwick consults on the development of investment policies, objectives and asset allocation.

The firm also offers domestic and foreign equity and fixed-income manager evaluation and selection, and performance measurement and analysis of portfolios invested in the U.S. and abroad.

Peat, Marwick's services include master trust evaluation, GIC and option evaluation, and a variety of surveys and research projects. It has expertise in designing investment strat-

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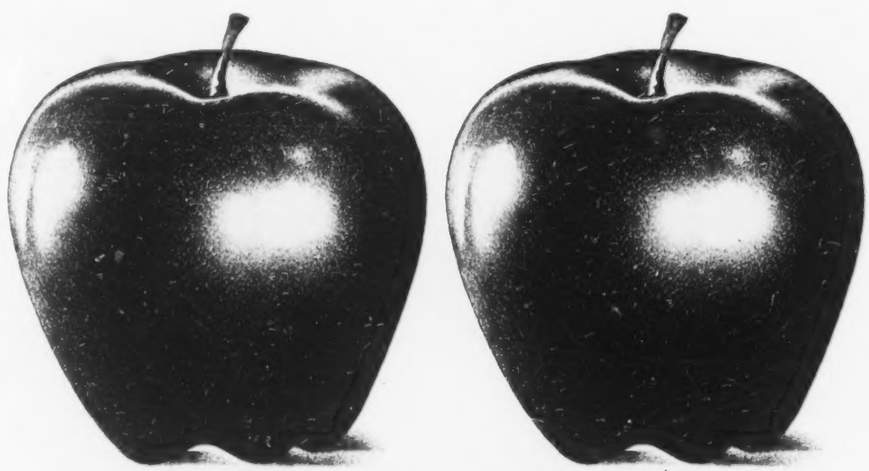

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egy and policy for Blue Cross/Blue Shield plans and captive insurance companies.

The firm also consults on investment systems strategy, planning, portfolio management information requirements and software evaluation.

There are 16 retainer clients and 34 non-retainer clients.

There are six professional consultants; fees are paid with hard dollars.

Clients include Owens-Corning Fiberglas, GTE REinsurance and Carlisle Corp.

The client contacts are Jeanne Gustafson, senior manager and manager-in-charge, and Brian Rom, senior manager.

Pension Finance Associates Ltd.

Suite 385, 146 Front St. W., Toronto, Ontario M5J 2L7; (416) 598-2231

Pension Finance Associates provides development of investment policies and objectives, and offers asset allocation guidance.

The firm offers Canadian and foreign manager evaluation and selection, and performance measurement and analysis for Canadian and foreign investments.

It also will take an on-going advisory role, provide supervision of investment programs, and aid in determining the role of the pension fund committee. Other services include setting funding policy and providing investment research.

The firm has expertise in asset mix policy, comparative measurement performance and manager research.

The firm has 20 retainer clients and more than 500 performance measurement clients.

There are 16 professional consultants; fees are paid with hard dollars.

The client contacts are Bob Mitchell and Ralph Loder.

Pension Profiles

Snug Harbor, Duxbury, Mass. 02332; (617) 934-2208

Pension Profiles is a statistical service providing quarterly portfolio performance review of reported earnings and payout of each holding as well as overall total return.

It also serves as outside trustee and consultant for investment policy, asset allocation and manager selection oversight.

Services are available by retainer or particular task.

Fees are paid with hard dollars.

The client contact is Daniel H. Sangster, principal.

Pension Realty Advisors Inc.

260 California St., Suite 1200, San Francisco, Calif. 94111; (415) 421-4000

Pension Realty develops investment policies and objectives, and offers asset allocation guidance. It provides performance measurement and manager evaluation and selection for the U.S. The firm's expertise is in real estate.

Pension Realty has four clients on retainer; fees are paid with either hard or soft dollars.

Clients include California Public Employees Retirement System and the Alaska Permanent Fund Corp.

William L. Ramseyer is the client contact.

Plan Sponsor Network

363 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200 or (212) 719-3544

Plan Sponsor Network provides pension plan sponsors with a data base network to obtain and exchange information on more than 500 U.S. and foreign investment managers by providing immediate electronic access via microcomputers and an on-line computer.

Current data bases include the U.S. equity, fixed and balanced managers and foreign investment managers. Under development are data bases to screen and evaluate real estate managers and a survey of GIC rates.

The network is compatible with virtually any microcomputer or terminal that can access information via telephone lines. It also provides plan sponsors with a job opportunity bulletin board and a national performance data exchange.

Subscription fees may be paid with hard or soft dollars.

Client contacts are Paul E. Berg, managing director, Barry J. Effron, managing director, and John P. Leib, executive director.

Prudential Bache Securities

115 Broadway, Suite 1906, New York, N.Y.; (212) 791-4268

Prudential Bache Securities Inc. provides development of investment policies and objectives, asset allocation, domestic manager evaluation and selection, and domestic performance measurement and analysis.

The firm specializes in public and Taft-Hartley funds.

It has more than 200 retainer clients and more than 18 non-retainer clients.

The firm has three professional consultants.

Fees are paid with soft or hard dollars.

Clients include the city of Detroit, city of New Haven, Tulsa Municipal, County of Macomb, city of San Jose and Oklahoma State Insurance Fund.

The client contacts are Victor Rosasco, vice president, and Marilyn McCarthy, assistant vice president.

q

Quantec Ltd.

30 E. 10th St., New York, N.Y. 10003; (212) 777-3173

Quantec Ltd. provides development of investment policies and objectives, asset allocation, U.S. and foreign manager evaluation, and foreign investment performance measurement and analysis. Another service provided is global portfolio risk analysis.

The firm has expertise in quantitative investment technology.

It has three retainer clients and 24 non-retainer clients.

The firm has four professional consultants.

Fees are paid in soft or hard dollars.

The client contact is Jason MacQueen.

Quan-Vest Consultants Inc.

126 Mill Spring Road, Manhasset, N.Y. 11030; (516) 365-4619

Quan-Vest Consultants Inc. provides development of investment policies and objectives, asset allocation, domestic manager evaluation and selection, and domestic performance measurement and analysis.

The firm specializes in long-range planning, computer-aided decision analysis and financial institution management consulting.

It has 10 retainer and 10 non-retainer clients.

The firm has two professional consultants. Fees are paid in soft or hard dollars.

It also offers investment management services through mutual funds.

Clients include Uniformed Fire Officers, National Maritime Union and the Textile Workers Union.

The client contact is Anthony F. Lotruglio, president.

r

Realty Research Inc.

18000 Pacific Highway, Suite 1115, Seattle, Wash. 98188; (206) 244-0084 or (800) 426-5210

Realty Research specializes in real estate consulting. The firm offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement for U.S. stocks, bonds and real estate, and performance analysis and diagnosis.

Realty Research has expertise in all forms of real estate investing: limited partnerships, pooled funds, REITS, specific properties, debt and debt/equity mix.

The firm has 21 retainer clients; non-retainer clients number 20.

There are six professional consultants. Fees are paid with soft and hard dollars.

An affiliate, Comstock Realty, manages tax-exempt assets and property acquisitions.

Clients include Environmental Research Development Corp. and Performance Measurements Inc.

The client contact is John P. Kennedy, president.

Richards & Tierney Inc.

111 W. Jackson Blvd., Chicago, Ill. 60604; (312) 431-5145

Richards & Tierney provides development of investment policies and objectives, development of appropriate asset allocation, domestic and foreign manager evaluation, and U.S. and foreign investment performance measurement and analysis.

The firm's expertise is in development and implementation of the customized benchmark portfolio construct; and research, analysis and structuring of alternative investment vehicles.

Richards & Tierney is a newly established firm with two professional consultants.

The client contact is Thomas M. Richards, principal.

Rogers, Casey & Barksdale

29 Federal St., Stamford, Conn. 06901; (203) 356-9400

Rogers, Casey & Barksdale provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. and foreign manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments. The firm offers computerized diagnostics of multiple manager investment structures.

It has expertise in real estate, international investing, and in less well-known foreign and domestic equity managers.

RCB assists in the supervision of the special investment programs not generally available from traditional management resources. It offers a multimanager investment product for Canadian pension funds and is developing a multimanager international investment product.

The firm has 28 retainer clients.

There are six professional consultants. Fees are paid with hard dollars.

The client contact is Ed Barksdale.

Rubidge Associates

1388 Freeport Road, Suite 3, Pittsburgh, Pa. 15238; (412) 828-9316

Rubidge Associates provides development of investment policies and objectives, and asset allocation guidance. It offers investment performance measurement and analysis in the U.S. market. Its expertise lies in domestic manager evaluation and selection.

The firm also offers investment management services via direct investment advisory, but not to consulting clients.

There is one professional consultant with the firm, which has three clients on retainer. Fees are payable with hard or soft dollars.

The client contact is D. Bruce Rubidge, president.

Frank Russell Co.

P.O. Box 1616, Tacoma, Wash. 98401; (206) 591-3471

Frank Russell Co. offers manager evaluation and selection, asset allocation guidance and investment objective setting. It also provides performance measurement in the areas of

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Froley, Revy Investment Co., Inc.
10900 Wilshire Boulevard, Suite 1050
Los Angeles, California 90024

U.S. stocks, bonds and real estate, and international investment. Performance analysis also is provided.

It has expertise in real estate and international investments.

The firm also offers advice on investment strategy planning; and research and recommendation of money management organizations in various disciplines. It also will monitor and report on all aspects of the investment process, both domestically and internationally.

Frank Russell has a policy limit of 40 domestic retainer clients and 40 domestic clients investing internationally. Clients include General Motors, IBM and United Airlines.

The firm has 60 professional consultants. Fees are paid with hard and soft dollars.

Two subsidiaries, Frank Russell Investment Management Co. and Frank Russell Trust Co., manage tax-exempt assets.

The client contact is Brian F. Barker, director of communications.

tion's trading efficiency, both absolute and relative to other institutions.

Retainer clients with the firm number 1,400. Non-retainer clients number 80.

The firm has 45 professional consultants.

Fees are paid with hard or soft dollars.

Client contacts are David Wolverton in New York at (212) 344-8840; William Bullion in Chicago at (312) 930-7500; James Minnick in Houston at (713) 659-0330; and Jeff Lovell in Los Angeles.

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Richard Schilffarth & Associates Ltd.

1201 N. Prospect Ave., Milwaukee, Wis. 53202; (414) 276-4140

Richard Schilffarth & Associates Ltd. provides development of investment policies and objectives, and asset allocation guidance. It provides domestic manager evaluation and selection. In addition, it provides U.S. performance measurement and analysis.

The firm specializes in client risk level analysis, investment objective development and manager evaluation.

It has eight retainer and four non-retainer clients.

The firm has three professional consultants. Fees are paid in soft or hard dollars.

The client contact is Richard Schilffarth, president.

Segal Advisors Inc.

730 Fifth Ave., New York, N.Y. 10019; (212) 586-5600

Segal Advisors provides development of investment policies and objectives, and asset allocation guidance. It offers U.S. manager evaluation and selection, and performance measurement and analysis for U.S. investments, including real estate investment vehicles and services.

The firm also offers evaluation and negotiation for insurance company contracts for retirement plans.

It has expertise in helping establish investment programs for individual account retirement plans.

The firm has more than 50 retainer clients. There are four professional consultants. Fees are paid with hard dollars.

The firm also has access to the resources of the parent company, Martin E. Segal Co.

Clients include Ames Department Stores, Suburban Propane Gas Co., AFTRA Pension Fund, Sheet Metal Workers National Pension Fund and the Wyoming Retirement System.

The client contact is Martin Levenson, senior vice president.

SEI Funds Evaluation

680 E. Swedesford Road, Wayne, Pa.; (215) 687-1700

SEI Funds Evaluation helps to develop investment policies and objectives, and offers asset allocation guidance. It provides U.S. and Canadian performance measurement and analysis.

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It has expertise in trading costs, offering detailed analysis of an institu-

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Towers, Perrin, Forster & Crosby provide development of investment policies and objectives, and asset allocation guidance. It has special expertise in forecasting pension plan liabilities and assets.

The firm had 5,000 non-retainer clients. Fees are paid in hard dollars.

The client contact is Miriam Goldfine.

w

Wilshire Associates
1299 Ocean Ave., Santa Monica, Calif. 90401; (213) 451-3051

Wilshire Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement for domestic stocks and bonds, real estate and venture capital investments, as well as international investments. The firm offers performance analysis and diagnosis.

Wilshire Associates has expertise in real estate, international investing, venture capital and issues related to public funds. It assists its clients in the evaluation and selection of managers within these asset categories.

The firm also provides pension asset and liability simulation; manager structure determination; identification of the impact of passive investment strategies; on-line manager monitoring and performance measurement; and endowment and foundation consultations.

The firm has 50 sponsor organizations on retainer; there are five non-retainer clients.

The firm has 12 professional consultants. Fees are paid equally with hard and soft dollars.

Clients include the state of California, Texaco, Goodyear and the University of Pittsburgh.

The client contact is Lawrence E. Davanzo, vice president.

Wood, Mackenzie & Co. Inc. Computer Services Group
280 Park Ave., New York, N.Y. 10017; (212) 880 1900

Wood, Mackenzie provides international performance evaluation and consulting including analysis and diagnosis.

It also provides accounting and analytical reporting services to meet all the information needs of pension funds, and publishes a monthly review of international market performance.

The firm, a subsidiary of Wood, Mackenzie & Co., a U.K.-based international stockbrokerage and consulting firm, has expertise in international multicurrency portfolios.

There are 250 non-retainer clients worldwide, and 18 professional consultants. Fees are paid with hard and soft dollars.

The client contact is John M. Gillies.

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Funds are up

NEW YORK — Moran, Moore, Grossman & deRose, a New York-based investment counseling firm, reported that its equity funds were up 4.7% in the second quarter, compared with the Standard & Poor's 500 stock index, which was down 2.6%.

The firm's equity accounts were down 1.9% in the first quarter compared with a 2.4% decline for the S&P.

Midsized . . .

Continued from page 39

year, already have more than $200 million under management from four clients. The Frank Russell Co. equivalent has more than $1 billion under management.

Once again, Messrs. Crerend and Russell (and the firm of Rogers, Casey & Barksdale) apparently came up with the idea at about the same time. Mr. Crerend originally thought of providing such a service to religious organizations, but did not pursue it.

Unlike the Russell Co., Evaluation Associates has no self-imposed limit on the number of domestic pension fund clients it will accept. Russell limits itself to 40 domestic clients; Evaluation Associates now has 53 clients.

Another difference between the firms is that while the Russell Co. clients tend to be among the nation's largest pension funds — they have assets totaling more than $100 billion — Evaluation Associate's clients are medium-sized funds on average and have assets totaling $25 billion.

Evaluation Associate's median fund has assets of between $200 million and $300 million — unusually small for a generalist consultant, Mr. Crerend said.

"We have some large funds, but by and large it's very difficult to get large funds into areas where maximum performance is possible. You have to have a very aggressive, sophisticated large-fund client, and we have some, or settle into the $200 million to $500 million range where it's large enough for you to diversify but yet small enough where you can put money into small equity managers or whatever you choose."

Mr. Crerend said Evaluation Associates will seek more small pension fund clients in the future. "We like them because they're very close to the bottom line."

Messrs. Crerend and Watson (chairman of Evaluation Associates Asset Investment Co.) see changes coming in the investment management consulting marketplace as companies make more use of defined contribution plans.

"Companies have a whole new concern. They have to choose managers for the employees. The employees have to choose what funds they're going to use — 401(k)s and IRAs (individual retirement accounts). So there's going to be new levels of investment consulting and advice," Mr. Watson said.

Evaluation Associates is studying the trend to determine what new products it might offer the 401(k) and IRA field.

"Mutual funds, for example, have had single managers, one sponsoring firm," Mr. Crerend noted. "There isn't a multimanager fund professionally managed as we would want to manage it available. People don't analyze mutual fund companies. I mean, you're an investor in (Fidelity Investments') Magellan Fund and you really don't know beans about it. You read a prospectus, you see the performance record and you send your money in."

Mr. Crerend said Evaluation Associates is considering how it might help fill the information gap for companies and individuals. Despite the changes taking place in the market, Messrs. Crerend and Watson expect Evaluation Associates, Rogers, Casey & Barksdale and the Frank Russell Co. to prosper.

"We can't miss because of our ability to take these skills out to banks, to the insurance company, to the retail customer or the international customer. It's the same process over and over," Mr. Crerend said.

"We, along with others, were very fortunate to be early in the business. It grew because of asset growth. In addition, ERISA in 1974 helped us no end." ■

Consultants . . .

Continued from page 39

not conducted a soft-dollar deal.

Mr. Saint-Pierre explained Pension Realty would not want to tie into any transaction activity.

Although the use of soft dollars apparently is becoming more popular, consultants remain divided on the value of the system.

Gene Hammons, former head of Houston-based Rotan Mosle's consulting division, left because of the extensive use of soft dollars.

"I worked on soft dollars for 30 years. I forgot most of it because I wanted to," said Mr. Hammons, vice president and regional director at Meidinger Asset Planning Services Inc.'s Houston office.

Mr. Hammons said the potential for conflicts of interest exists when a firm performs consulting services. He also said there is an internal problem with collection of fees with soft dollars.

"In any business, you want to be able to budget your income the same way you budget your expenses," said Mr. Hammons. He pointed out that when he was at Rotan Mosle, it sometimes took up to a year to collect fees.

S.Q. Della Grota, vice president of Am Cal Co., said the firm would not accept soft dollars because it generates its own information and sells it directly to the client. He also said he believes the use of soft dollars is rare in the real estate field.

"By being paid by the client only, based on a previously established fee scale, we firmly believe we avoid any conflicts of interest," Mr. Della Grota said.

Another consultant, who asked that his name not be used, said "I would applaud" if soft dollars no longer were used. He said the disappearance of soft dollars would lead to a more professional view of the industry. He accepts only cash for his consulting services.

On the other hand, John K. Goodrich, president of Colonial Consulting Corp., said the use of soft dollars is "a prudent use of a cost incurred by an institution."

Mr. Goodrich explained two possible disadvantages of soft dollars. One is churning the portfolio to generate soft dollars; the other is "paying up," in which an investment manager pays larger commissions than necessary in order to accumulate soft dollars. He said both could be guarded against by acting on a "best execution basis only."

As long as the trading is handled in this manner, there are no disadvantages, Mr. Goodrich said.

Brenda K. Teel, vice president and director of consulting services at Bank of America, agrees the use of soft dollars makes sense.

She added the decision is one that should be left to the client: "Usually, it's the individual in the client's shop that calls the shot on it (the use of soft dollars)."

Ms. Teel said the bank would deal with any brokerage firm that met with legal approval.

Ronald D. Peyton, president of Callan Associates Inc., sees the growth of soft dollars and thinks, if precautions are taken, they are an advantage. He said the use of soft dollars would result in less out-of-pocket costs. However, the bottom line is that soft dollar trades should be at the same rate and quality as pure execution trades. ■

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Pacific Basin . . .

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performance than what the stock market provides on average.

They argue further that active trading of assets eats up returns of active managers through commission costs and higher management costs.

Yet many of Mr. Russell's clients are picking scores of managers, and spending millions of dollars on them for pension accounts because they believe they can get better performance consistently.

Some of them say they have achieved better performance, consistently, than, say, the Standard & Poor's 500 stock index, although Mr. Russell himself calls that a "ridiculous index."

His argument for being able to pick better managers is persuasive. It had better be, because Mr. Russell agrees his stature as a consultant attracts clients to his money-making trust and investment companies.

Performance for those companies in fixed and equity accounts is based on his ability to pick managers, since it is the managers he picks, not the Russell company itself, that actually manage the money.

Some of the estimated millions of dollars he brings in from the trust and investment companies go to finance research in the consulting company, so all three companies are interlocked.

Mr. Russell publishes the company's performance results, showing for the first time without clouding the issue, just what his ability to pick managers is.

He agrees his ability couldn't be judged so sharply in the past because it was difficult to tell if a pension fund's performance was completely to his credit. No pension executive ever follows anyone's advice totally.

"We did take a risk in stepping into the limelight, as opposed to never being able to identify our results vs. their (plan sponsor's) results," said Mr. Russell.

Although some money managers claim their heads can be on the block for as little as three months' bad performance, Mr. Russell doubts even a year of poor performance would have any affect on his companies.

Backing up his claim, he shows a couple of funds did underperform standard indexes for a year, although they bounced back almost immediately after some "restructuring" by the consulting company.

He adds even a full economic cycle of underperformance would result in only temporary damage. That, he says, is similar to the damage suffered by General Motors Corp. or Ford Motor Co. from some early versions of domestic economy cars with exploding gas tanks or reliability problems.

"We think we can identify consistent losers, those with pretty poor performance," said Mr. Russell. When asked how he separates winners from losers, he plotted a bell, or normal, curve on a yellow writing pad and drew a vertical line, or mean, down through the curve's middle.

The bell curve, he explained, represents the total universe of money managers. He said what most sponsors want to do is "beat the next guy."

He said there are characteristics among money management organizations that consistently lead to below-average results. Perhaps the most telling characteristic, he said, is a high turnover of professional personnel.

By eliminating the managers with consistently poor performance, he said, a new bell curve, or new universe of managers, is created. When the mean is drawn, it is slightly to the right of the old mean.

Secondly, by making 1,000 research visits a year to find the best managers, which he said his firm does, a third universe is created, with the mean drawn again slightly to the right of the old universe.

But his firm doesn't believe in market timing. In other words, Mr. Russell believes his firm can find the good managers who pick growth stocks, but it is not possible to tell when the market will be good for growth stocks.

Consequently, clients are advised to pick managers from five or six different areas of the market. The end result is supposed to be good performance from a manager, obtaining what the market has to offer when the area of the market the manager specializes in is doing well. Madelyn Smith, co-director of equity research at Russell's consulting company, underlined the importance of being in particular segments of the market.

She said about 80% of an equity manager's performance results from market moves.

It is crucial, then, that the consulting company knows what style of management a firm really follows, regardless of what it says it follows, to come up with what Mr. Russell calls the "superior mix" of managers.

Also, the Russell company wants the manager who will add value to what the market does, and this manager selection is made with an emphasis on qualitative, not quantitative, methods. Ms. Smith said she has to understand what the "process" of the manager is and who are the key players.

If, for example, two professionals leave an organization, but key players or professionals remain, and its "process" is intact, the Russell company won't send out an alert to clients, although it keeps them informed of changes. "The focus is on people," she said.

Some passive managers insist, however, that after 10 years, the range of performance between what were earlier the best and the worst managers will narrow to a small band around the median of statistical performance. Thus, they contend superior managers can't be picked with significant accuracy to affect long-term performance.

If that is true, it would undercut the foundation of the Russell organization.

But Peter Dietz, head of research for Russell, said that is misleading. He said the names of organizations might come together around such a band, but many of the organizations remain the same in name only.

In other words, key people have left. The suggestion is that if those people, rather than the original organizations, could be followed, the results would look different.

Mr. Russell won't say what his consulting fees are, although some estimates are he charges between $100,000 and $150,000 a year. That isn't much if he can improve return on investment performance by 1% for his average client, who has $2.8 billion in assets. An improved return of 1% would translate into $28 million a year.

Mr. Russell said Mr. Dietz wrote the first significant book on fund performance, his doctoral dissertation. Mr. Dietz was an associate professor at the University of Oregon, Eugene, before becoming one of the top employees at the Russell firm.

Other people have built impressive reputations while at Russell. One of them is Blake Eagle, head of real estate consulting, who describes his boss as a kind of visionary with "20-20 vision," and as a dynamic leader. He said Mr. Russell can capitalize on what appears

Continued on page 50

Top (L-R): DAN FLECK, Chairman; GREG HUNING, CFA, President. Foreground (L-R): LEE LIVERMORE, CFA, Fixed Income Specialist, MARK FOSTER, Equity Specialist, SUSAN THOMAS, Director of Marketing.

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Spruced-up index funds answer specialized needs

By Tamara Hanneman

NEW YORK — Money managers are offering pension funds new varieties of indexed funds designed to meet special needs of both clients and money managers.

The managers are playing with capitalization weights, favoring high-yield stocks, seeking out optionable stocks, applying market-timing techniques, all in an effort to better index fund performance at a reasonable cost.

Among the firms offering the hybrid or semiactive index funds with some kind of twist are Century Capital Associates and Bankers Trust, both of New York, and State Street Bank and Trust, Boston.

The move to a variety of index funds seems a radical departure for Century Capital, a firm known for its market-timing approach to investment management, but it really is not.

Century Capital is offering clients more than half of its investment process at a far lower fee than it charges for its full investment process. It is offering to apply its market-timing skills to an indexed balanced fund.

The asset allocation strategy for the equity portion of the fund would use stocks emulating the Standard & Poor's 500 index and cash equivalents. The fixed-income portion would use long-term government bonds and cash equivalents.

Sixty percent of the assets normally would be invested in an indexed stock portfolio, but the allocation between stocks, bonds (20-year Treasuries) and cash equivalents would vary according to Century's investment outlook.

The equity portfolio will be a portfolio of approximately 75 large-capitalization stocks, although this can be tailored to a client's needs.

According to Richard Hokin, partner, an analysis of Century's investment results showed long-term performance was more dependent upon asset mix than on selection of individual issues.

For the five-year period ended Dec. 31, for example, Century's equity funds had a compound annual return of 19.5%, compared with 17.3% for the S&P 500.

Of this return, the asset mix decision contributed 18.1 percentage points, while security selection contributed 1.4 percentage points.

On fixed-income portfolios, the asset mix decision was even more critical since security selection actually reduced the total return by 0.8 percentage points per year during five years.

Mr. Hokin said that while the incremental return added by security selection is small, even in the equity portfolios, it is the labor intensive, and therefore expensive, part of the investment process.

If pension funds are willing to forgo the attempt to get the incremental return that can be achieved by security selection, and are happy with the added return provided by the asset allocation decision, their management fee can be substantially lower, he said.

So far, Century Capital has two clients for its approach: the Chicago Firemen's Annuity Benefit Fund for $25 million and the Idaho Public Employee Retirement System for $42 million.

State Street Bank and Trust offers its pension clients a "reversal" fund that applies contrarian investment strategies.

The idea is to exploit the reversal effect displayed by stocks in the S&P 500 — they generally appreciate for two consecutive quarters, relative to the market, then depreciate for two quarters, said Doug Holmes, an assistant vice president who helped design the fund.

The index portfolio consists of 250 names from the S&P 500. Investments are weighted equally in five quintiles by capitalization.

Stocks that have outperformed the market by at least 10% for two consecutive quarters are sold; stocks that have underperformed the market by at least 10% are purchased. The gains realized from outperforming stocks are reinvested in the underperforming stocks.

However, the fund is rebalanced monthly to maintain equal weighting of each stock in the portfolio.

For the 10-year period ended Dec. 31, an index following such a contrarian investment strategy would have outperformed the S&P 500 by 9.37% annually, according to researchers at State Street.

The key to the State Street strategy, which might seem almost too simple to be true, is discipline, according to Arlene M. Rockefeller, assistant vice president.

"The discipline is built into it, and there's no subjectivity. It never panics and jumps out at the bottom, and never gets carried away and stays on too long," she said.

The fund was made available to pension sponsors in April; to date, it is running $6 million from State Street's own pension assets.

Banker's Trust is offering pension fund clients a number of hybrid indexes, although it has had most success with its options overwriting funds.

Banker's Trust is managing about $100 million in funds structured to add incremental profits by using optionable stocks. The funds are designed to track the S&P 500, but are weighted heavily with optionable stocks.

Unexercised options provide additional income to the fund.

In addition, Bankers Trust offers an "Alpha-plus" fund with an indexed core tracking the S&P 500 and the rest invested in equities selected in a number of ways. Seventy percent of the fund's assets are invested in the index core, which matches every stock in the S&P 500 down to a certain weighting in the S&P. That usually results in about 140 names.

The remaining 30% of the fund's assets are invested according to a strategy of the clients choice. Bankers Trust has tested several models, including a dividend discount model (which selects stocks based on the present value of their projected dividends) and an earnings momentum model (which selects stocks that show the greatest acceleration in earnings growth).

However, clients can suggest active strategies they would like for that portion of the fund.

Bankers has no clients as yet for this concept, and Frederick Nelson, assistant vice president, speculates potential clients are having trouble coming to grips with the choice of strategies. ■

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Phoenix Institutional Investment Services

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Russell equity fund down 5.1%

TACOMA, Wash. — The Russell Trust Co. Equity Fund I, underperforming the benchmark, was down 5.1% for the six months ended June 30, and down 6.5% for the year.

That compares with declines of 4.9% and 4.6% respectively for the Standard & Poor's 500 index.

The Russell Special Equity Fund was down 5% for the six months and down 3.2% for the year.

The Russell International I Fund was down 6.2% for the six months and up 5.7% for the year, while the International II Fund was down 8% for the six months and up 6.7% for the year. The Capital International EAFE index was up 2% and 11.6% respectively.

The Russell Trust Co. domestic equity funds had assets of $882 million, while the international funds had assets of $50 million as of June 30. ■

Pacific Basin is next Russell . . .

Continued from page 49

as the negative.

Mr. Eagle said that before joining the consulting company in 1971, he had gone broke as a real estate developer. He said the experience was unpleasant and his confidence was at a low point.

But, he said, Mr. Russell convinced him his mistakes would put him on guard to errors others might make in real estate.

Mr. Russell repeatedly stresses the importance of self confidence, and spends no small effort instilling that feeling in his employees.

Some might think of the company's location as a disadvantage, Tacoma not being a city where moneymaking is a main industry. Mr. Russell said that, to the contrary, the small-town environment promotes a family atmosphere, and provides a place where people can think and care about each other.

He said he likes the "wilderness" of sorts that surrounds Tacoma. In 1969, he liked the "wilderness," or absence, of almost no one being in the pension consulting business.

In 1980, he said, he liked the wilderness of trust and investment companies that offered the same top investment talent that institutional investors use.

Now, he said, he likes the wilderness, or absence, of major consulting firms in the Pacific Basin.

The Frank Russell Co. dates from 1936, when Mr. Russell's grandfather, Frank Russell, a former Wall Street stockbroker, started an investment company in Tacoma.

After graduating from Stanford University with a degree in economics, and from Harvard University with a master's in business administration, George Russell joined the company in 1958. Later that year, Frank Russell died.

George Russell kept his grandfather's mutual fund, Bondstock, but suggested his grandfather's 14 individual clients look elsewhere for professional management.

"I didn't view myself as a particularly outstanding money manager," he said.

Until 1969, Mr. Russell sold Bondstock, other mutual funds, a little life insurance and some real estate. When he realized he didn't want to stay in the retail business for the rest of his life, he started looking at large pools of money. He couldn't get much information on large private pools of money, but could get information on pension funds.

He started reading studies done for pension funds, and discovered most funds could get better performance. Looking for consulting clients, he called Paul Kaltinick at J.C. Penney Co., then a stranger to him. J.C. Penney became his first client, and Mr. Kaltinick became president of his trust company more than a decade later. ■

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Public funds . . .

Continued from page 3

Since then, the Washington State Investment Board has made several moves, which included hiring Schafer Capital Management, New York, and United Capital Management, Denver, to run $65 million each in equity accounts.

The state system also split $60 million evenly among three equity real estate pools. The pools were an open-end Smith, Barney Real Estate Corp. fund, and RREEF West VI and Pacific Mutual Realty Fund II, both closed-end pools.

This move brought the amount invested in equity real estate to $110 million at that time. The board had set a limit of 10% of assets for investment in real estate — 5% in pools and 5% direct.

The investment board placed $780 million in a Standard & Poor's 500 stock index fund at Mellon Capital Management, San Francisco. As reported at the time, the move "furthers a trend of public funds' greater use of passive investments as they move more into equities.

The board also invested $41 million in four venture capital limited partnerships. They are: Menlo Ventures III, Menlo Park, Calif., $20 million; Brentwood Associates IV, Los Angeles, $15 million; Paragon Partners, Menlo Park, $4 million; and Pierce Nordquist Partners, Seattle, $2 million.

• In 1982, Pennsylvania passed a law that increased the maximum investment in equities to 50% of assets, removed the limit on the amount invested in stock in any given year, allowed up to 15% of assets to go into institutional real estate and up to 10% of assets in any investment not otherwise stated.

Following this change, the State Employees' Retirement System appointed four new equity managers for an undisclosed amount. The managers were funded by cash flow from contributions and reallocations.

The fund also hired Payden & Rygel Investment Counsel, Los Angeles, to run a $200 million fixed-income portfolio. The reason for this move, as reported at the time, was a "part of a restructuring under core/specialty formats for both the equity and fixed-income portfolios."

• Legislation passed in 1982 and 1983 greatly increased the authority of the Florida State Board of Administration.

It increased the maximum equity exposure to 60%, and permitted securities lending, the purchase of commercial paper, unlisted securities, stocks of foreign firms listed on a national exchange, the sale of listed options and the purchase of commercial and industrial real estate. The 1983 legislation also gave the State Board of Administration the authority to retain outside managers and advisers.

The board hired three managers for options-overwriting programs on $300 million of the $2.4 billion equity portfolio. The managers are Travelers Investment Management Corp., Hartford, Conn.; and Bear Stearns & Co. and Balch, Hardy & Scheinman, both of New York.

The board also placed $265 million in six pooled real estate accounts: Equitable Life Assurance Society of the U.S.'s separate account No. 8; Prudential Insurance Co.'s PRISA; and pools run by Aetna Life & Casualty Co., John Hancock Mutual Life Insurance Co., First National Bank of Chicago and First National Bank of Boston.

The board also hired Lazard Freres Asset Management, New York; INVESCO Capital Management, Atlanta; and Lehman Management, New York as its first non-index equity managers. Each was given $100 million to manage.

Florida also is considering hiring as many as three global fixed-income managers, which would make the Florida system among the first public funds to move into global fixed-income.

New investments requiring legislative changes also are being considered in some states including Indiana.

Several of the other big moves by state pension funds were unrelated to changes in state laws.

Maine Retirement Systems hired The Boston Co. Energy Advisors to manage its first investment in oil and gas. The initial investment of $5 million will continue for at least three years and could be increased to $10 million and $15 million during that period.

When the South Dakota Retirement System made its first investment in equity real estate, it placed $20 million in open-end commingled funds run by Smith Barney and Wachovia Bank & Trust Co. The fund also planned to invest $15 million to $20 million in one or two closed-end funds.

The Oregon Public Employees Retirement System split the $35 million it invested overseas between four managers — ABD International, New York; Daiwa International, New York; Morgan Guaranty Trust, London; and Rowe Price-Fleming International, Baltimore. The system also plans to allocate additional funds later.

The Oregon system also committed up to $40 million in four venture capital funds: two funds of Cable, Howse & Cozadd, Bellevue, Wash., and funds run by Rainier Venture Partnership, Seattle, and Menlo Associates, Menlo Park, Calif.

The Colorado Public Employees Retirement Association also placed $5 million in venture capital investments. The fund invested in the Centennial Business Development Co. Development Fund's Later-Stage Account. This was the second $5 million investment made in venture capital by the fund. ■

A Pensions & Investment Age special report . . .

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Growth . . .

Continued from page 3

Burroughs' pension expense changed little between 1982 and 1983, $53.9 million to $52.4 million, but dropped to 13.9% of operating income, from 25.6%. Weyerhaeuser Co.'s pension expense dropped slightly to $39.5 million from $46.6 million, but dropped drastically to 12.2% of operating income, from 20.6% in 1982.

These reductions occurred even though there were far fewer increases in the interest rate assumptions used by these 100 companies. A rise in interest rate assumptions can lead to lower contributions, and many companies did this to reduce costs in the troubled economic times between 1981 and 1982.

Between 1981 and 1982, 37 companies raised their interest assumption, and seven lowered it. Between 1982 and 1983, only 20 companies raised the rate, and 19 reduced it. ■

Poor return . . .

Continued from page 2

been controversial in the state. "We're having a lot of political problems with the banks, taking money out of Nevada banks. It's been difficult moving money out of state."

In the past the endowment emphasized earnings from interest and dividends and this led to an investment strategy stressing current income, said Ms. MacDonald.

She said the fund expects the new emphasis on total return, which includes price appreciation of securities, to provide better returns. ■

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Pensions & Investment Age

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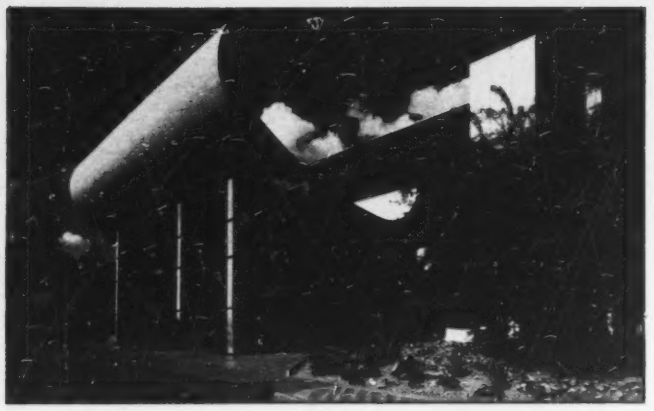

Metrocenter, Phoenix, Ariz.: CPI closed a six-month funding effort

15 institutions commit $150 million to CPI deals

By Mark Westerbeck

NEW YORK — Fifteen institutions, including the Bechtel Power Corp. pension fund, the Hartford Fire Insurance Co. and the Alaska Permanent Fund, have provided $150 million to Corporate Property Investors to complete the financing of 11 projects.

The real estate investment trust closed a six-month, fund-raising effort on Aug. 15, bringing its total equity realty assets to $2 billion.

The capital acquisition was the final step in financing expenses incurred from 1982-'84, in the acquisition of six regional malls, and the development of three other malls, an office building and a mixed-use project. The REIT owns 40 regional shopping centers, its investment specialty. CPI is more than half-owned by U.S. institutions.

The first-time shareholders investing a total of $65 million were: the Bechtel pension fund, $10 million; Hartford Fire, $30 million; and the Alaska Permanent, $25 million (*Pensions & Investment Age*, July 23).

The American Telephone & Telegraph Co. pension fund was among the repeat investors. The fund has been a major investor with the REIT, although it has stood on the investment sideline during the time of the divestiture.

Other repeaters include the Prudential Insurance Co. of America's major pooled fund for pensions, PRISA, $30 million; the International Telephone and Telegraph Corp. pension fund, $15 million; the Mellon Foundation, $5 million; the Pennsylvania State Employees Retirement System, $10 million; the Exxon Corp. pension fund; and the Ford Foundation. Pennsylvania committed $35 million, its first CPI investment, last year.

Sources said CPI tried to nail down one other major investor for the Aug. 15 deadline — the California State Teachers' Retirement System — but the system's trustees did not act on the negotiations at its meeting earlier this month.

A $25 million acquisition of CPI stock by the fund still is possible but not imminent, sources said. The

Continued on page 52

Nanuet Mall, Nanuet, N.Y., is among 40 owned by CPI

International attraction growing

2 more allocate abroad

By Rose Darby

NEW YORK — At least two pension funds have hired international managers and four more are conducting manager searches, according to money management and consulting sources.

The latest international moves are in addition to four hirings reported last month, as international investing has become the hot item this summer (*Pensions & Investment Age*, July 23).

As one consultant from a large national firm explained, "We're beginning to make a very significant move into international because there is so much interest on the part of our clients."

Delta Air Lines and GTE Service Corp., reportedly have selected international money managers, while Chevron Corp., Pacific Lighting Corp., National Fuel Gas Co. and the New York City Employees Retirement System are doing searches for global or international advisers.

Further, two of the seven Bell operating companies — Pacific Telesis Group and BellSouth Corp. — are preparing for international searches.

GTE Service Corp. hired L.F. Rothschild, Unterberg, Towbin International Asset Management of London to manage a $19 million global fixed-income account, said Andrew L. Heiskell, vice president of fixed income for the $4.8 billion pension plan.

In characterizing the firm's attitude toward international investment, Mr. Heiskell said no formal search is employed but rather, "we're always looking."

Some international equity managers also have been hired during the second quarter, said Gregory B. Densmore, director of investment evaluation. However, he would not reveal which firms were selected, or how much would be committed to them.

Grantham, Mayo, Van Otterloo of Boston and Wertheim-Philippe International in New York are said to have been hired to manage equities. Officials at the firms would not comment.

These selections bring the number of international managers for GTE to 10.

Its other overseas investment advisers are Fidelity International Investment Management, Boston; Baring International Investment, Boston; G.T. Capital Management, San Francisco; Morgan Grenfell Investment Services Ltd., New York; Morgan Guaranty Trust Co. of New York; Putnam International Advisors, Boston; and Rowe Price-Fleming International Inc., Baltimore.

At Delta, which has about $1.65 billion in employee benefit assets, roughly $15 million has been allocated to each of two international equity managers. They reportedly are Morgan Grenfell and Globe Finlay Inc., New York.

Officials at neither Delta nor the money management firms would verify the hirings.

National Fuel Gas Co., with

Continued on page 55

Follow-up due on pension act

By Joel Chernoff

WASHINGTON — The passage of the Retirement Equity Act of 1984 heralds the impending introduction of legislation by key Democrats that might have far-ranging implications for private pension plans.

The new legislation, to be introduced as early as next month, is likely to seek shorter vesting, restrictions on integration with Social Security, and a form of portability.

While praising the passage of the Retirement Equity Act, Geraldine Ferraro, Democratic representative from

Continued on page 57

Geraldine Ferraro

Late news

Ameritech hires Harris

CHICAGO — Ameritech named Harris Trust & Savings Bank, Chicago, master trustee for its $6.4 billion pension fund, said Donald W. Phillips, director-investment management for the regional telephone company.

The appointment is effective immediately, although American Information Technologies Corp. won't receive its pension assets from American Telephone & Telegraph Co. until next year. Upon its creation Jan. 1, Ameritech deferred transfer of the assets until it completed a strategic investment plan and hired a master trustee.

Ameritech has used Harris as interim master trustee since December.

The company declined to name the other banks considered for the position.

Continued on page 2

Market timers caught off their guard by rally

By Richard J. Gillespie

NEW YORK — The bull market that swept down Wall Street Aug. 1 was greeted with disbelief by a number of money managers, particularly market timers who were holding substantial cash positions.

While conventional analysis declared the rally to be institution driven, data analyzed by INDATA, a Stamford, Conn.-based consulting firm, suggested money managers were selling into the rally in the first few days and then sat pat.

However, for market timers the first days of August were not so much their finest hour as a moment of truth, according to Vernon Hodge, a principal with Meidinger Asset Planning Services in Louisville, Ky. The firm is a wholly owned subsidiary of William M. Mercer-Meidinger Inc.

Figures from Salomon Brothers Inc. showed the early days of the rally were powered by institutional block trading. But INDATA figures for 717 investment firms, with $80 billion under management, showed the money managers were net sellers throughout this period.

"These institutions were more fully invested on Aug. 1 than they were in August 1982," said William Kennedy, principal at INDATA. "Back then, their average cash position was 16.9%."

The average cash position of the investment managers monitored by INDATA drifted down from 11.4% May 31, to 11.1% June 30, and stood at 10.6% July 20.

By July 31, the day before the market took off, their aggregate

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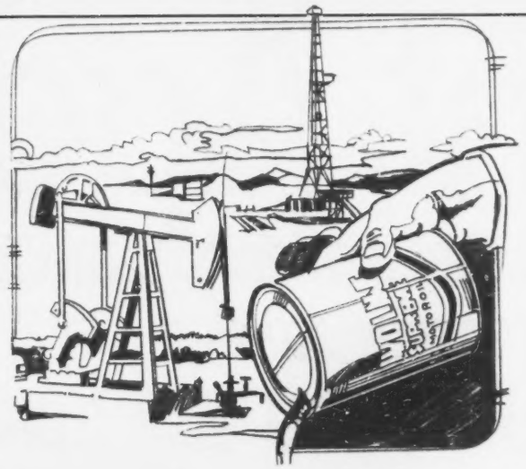

Shell Oil funnels $1 billion into GICs

By Barry B. Burr

HOUSTON — A Shell Oil Co. defined contribution plan is placing $1 billion — the proceeds received from the tender of 17.5 million shares of company stock — in guaranteed investment contracts.

So far, $765 million has been placed with six insurance companies, said J.L. Fort, secretary of the defined contribution plan known as the Provident Fund and of the defined benefit pension plan.

Equitable Life Assurance Society of the United States provided two GICs, totaling $250 million; Metropolitan Life Insurance Co., two GICs, $205 million; Prudential Insurance Co. of America, two GICs, $150 million; Aetna Life & Casualty Co., two GICs, $75 million; Travelers Insurance Co., one GIC, $50 million; and John Hancock Mutual Life Insurance Co., one GIC, $35 million.

The GICs pay different compound rates, all around 13%, Mr. Fort said. The fund will receive proceeds from the GICs from 1987 through 1991, he added.

The fund expects on Aug. 27 to accept bids from companies for the remaining $235 million received in the tender, Mr. Fort said. Frank Russell Co. is working as an adviser to the fund on the GICs, he added.

Mr. Fort said the fund received the $1 billion in May when many employees voted to tender their stock at $58 a share to SPNV Holdings Inc., a Delaware company. SPNV Holdings was formed for the tender offer by Shell Petroleum N.V., a Dutch firm owned 60% by Royal Dutch Shell Co. and 40% by Shell Transport & Trading Co.

Prior to the tender offer, the stock was trading around $40.

The fund still has some 6.5 million shares of Shell Oil stock that employees decided against tendering. The remaining shares represent about 30% of the 18 million Shell shares still trading on the New York Stock Exchange.

The Royal Dutch/Shell group owns about 94% of Shell stock. Mr. Fort said the remaining 6% will continue to trade unless the parent group decides to consummate a merger and acquire the outstanding stock.

Including the $1 billion targeted for new GICs, the Provident Fund has more than $2 billion in assets: $400 million in Shell Oil stock, $200 million in other equities and $500 million in bonds and other GICs.

The fund, investments of which are employee directed, purchased the Shell stock through the years with company contributions, he said.

The recent transactions in the Provident Fund have no effect on Shell Oil's defined benefit plan, which has $2 billion in assets managed separately.

School fund hires for options

By Marci Baker

HARRISBURG, Pa. — The Pennsylvania Public School Employees' Retirement System is launching its first options program and has selected Oppenheimer Capital Corp. and Bankers Trust Co., both in New York, to do the job, according to James Perry, executive director.

What's more, the system reportedly is setting up an incentive fee arrangement for the Bankers account.

The two managers each will run an overwrite program on between $200 million and $250 million in equities.

They will be writing options on holdings in a core portfolio managed by Mellon Bank in Pittsburgh, said Mr. Perry. That portfolio invests in the Wilshire 5000 stocks. About 400 of those stocks are optionable.

In addition, at least one of the new managers will be using stock index options for the Pennsylvania account. As part of its strategy, Oppenheimer writes calls on the Standard & Poor's 100, the most liquid form of index options, a manager there said.

The move into options is being made for the incremental income the system can make on the strategy, Mr. Perry said. Oppenheimer's

Continued on page 57

Corporation reorganizes pension area

By Marci Baker

HARTFORD, Conn. — United Technologies Corp. has reorganized its pension operations, splitting the investment and administrative functions.

The change might lead to in-house management of some assets and to greater use of alternative investments.

The move shows the company recognizes the importance of its almost $4 billion in employee benefit assets, and will increase the role of senior management in the pension

UNITED TECHNOLOGIES

fund, according to Stillman Brown, executive vice president in charge of finance and administration.

Previously, the entire pension function was in one group under Joseph Biernat, treasurer.

In the reorganization, Beverly Lannquist, vice president-investor relations, has been assigned to the newly created position of vice president in charge of pension investment, reporting to Mr. Brown.

Mr. Biernat, who has been promoted to senior vice president, will handle the administrative function as chairman of an expanded pension administration committee, said Mr. Brown.

Mr. Biernat will continue as a member of the pension investment committee, which will be chaired by Mr. Brown. It is likely that committee also will be expanded.

"I am still very much involved in the pension investment program, but from a policy standpoint rather than day to day," Mr. Biernat said.

Included on the investment committee will be Ms. Lannquist and probably Sidney McKenna, who as

Continued on page 58

Late news

Consultant hired

SEATTLE, Wash. — Burlington Northern has hired Frank Russell Co. as consultant to its roughly $300 million pension fund. Callan Associates, based in San Francisco, was dropped.

Burlington officials were unavailable for comment, but sources said the switch stemmed from personnel changes at the company.

Becker Paribas suit

NEW YORK — Securities dealer A.G. Becker Paribas Inc., filed suit in New York Supreme Court against Paine Webber Inc. and two former employees it hired away from Becker's commercial paper department.

The suit alleges Paine Webber, along with a former Becker managing director and commercial paper buyer, solicited a group of key personnel from Becker's money market division using confidential and proprietary information and files.

It also alleges Paine Webber intended to use that information to solicit Becker's money market clients. Paine Webber's general counsel, Sam Miller, did not return a phone call.

Dedication reported

NEW YORK — Mobil Oil Corp. reportedly is dedicating a large pool of assets with U.S. Trust, New York, its master trustee and only outside fixed-income manager.

Last week, rumors were circulating in the industry of a $1.5 billion dedicated transaction, which some industry sources think might be the Mobil transaction. Charles Clune, manager-benefit funds, was unavailable for comment. U.S. Trust officials declined comment.

Tennessee selects

NASHVILLE — The Tennessee Consolidated Retirement System has hired Chase Manhattan Bank, New York, as master trustee for approximately $1.8 billion of its estimated $3 billion in pension assets, a source said. A substantial portion of the system's assets are in government securities held by the Federal Reserve Bank as custodian, the source added.

Pan Am obtains order

NEW YORK — Pan American World Airways obtained a temporary restraining order against strikes that were called by nearly half the unions representing the airline's 27,000 employees.

The strikes were prompted by a company plan to freeze workers' pension accruals retroactive to Jan. 1. Pan Am has been allowed to defer pension contributions for the past two years. This year, the Internal Revenue Service required Pan Am to freeze benefit accruals before it allowed the beleaguered airline to defer payment of up to $230 million, which would have been due on Sept. 15.

Gillman exits Citicorp

NEW YORK — Barry Gillman, vice president for Citicorp Investment Management International, is leaving to join Prudential Investment Co. of America in Newark, N.J.

Mr. Gillman, who was responsible for marketing and client liaison at Citicorp International, will be vice president-asset management for Prudential Investment Corp. He will be managing director for a unit that oversees a portfolio of international stocks and bonds.

Foundation appoints

LOS ANGELES — The Jones Foundation has hired NWQ Investment Management Co., Los Angeles, and Atalanta Capital Corp., New York, each to run more than $10 million in discretionary accounts, according to Harvey L. Price, executive director and treasurer for the foundation.

Forstmann-Leff Associates Inc., New York, which had been managing about $20 million for the $50 million foundation, was terminated for performance reasons, Mr. Price said.

Coors selects Ariel

GOLDEN, Colo. — Adolph Coors Co.'s $100 million pension fund committed $100,000 to Ariel Capital Management Inc., Chicago, said John W. Rogers Jr., president of the newly formed firm.

Norman E. Fillinger, Coors financial services director, acknowledged the hiring but declined to confirm the amount, saying only it was small.

Mr. Fillinger said Coors was impressed by Mr. Rogers' "personal persuasiveness, direct and straightforward."

Powell to join FRIMCO

PITTSBURGH — Don G. Powell, executive vice president who ran the trust and investment services department of Mellon Bank, will leave to join Frank Russell Investment Management Co., Tacoma, Wash.

He will replace Alfred C. Morley as president and chief executive officer.

Mr. Morley will become the first full-time president of the Institute of Chartered Financial Analysts, Charlottesville, Va.

Mr. Powell said his short-term goals at FRIMCO are to improve investment performance and company growth.

He said his major accomplishments in three years with Mellon were "the dramatic turnaround in the investment performance of Mellon and dramatic success of its master trustee product."

He also said he created the three new Mellon investment subsidiaries: Mellon Capital Management Inc., San Francisco; Mellon Realty Inc., New York; and Franklin Portfolio Associates Inc., Boston.

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Equity funds up in quarter

By Tamara Hanneman

NEW YORK — An emphasis on midsized growth stocks and a defensive posture in the equity market resulted in good performance for bank and insurance company pooled equity funds in the second quarter.

More than half of the 277 funds in Pensions & Investments' Performance Evaluation Report successfully used defensive strategies in the quarter ended June 30 to beat the Standard & Poor's 500 stock index.

The median PIPER fund for the quarter finished with a -2.1% time-weighted return compared with the S&P 500, which came in at -2.6%.

The County Bank of St. Louis was the lead performer for the quarter, with a 4.5% time-weighted total return on its $5 million equity fund.

Allied Bank of Houston was the next best performer, logging a 4.3% return on its fund.

County Bank owes its solid performance to its cash position and its ability to identify and purchase undervalued growth stocks while maintaining diversification, said Carl Enloe, vice president of investments.

The cash position averaged 23% in the second quarter, although that is being reduced.

Stop & Shop Cos. Inc., Sherwin Williams Co. and **Watkins Johnson** performed very well early in the quarter, Mr. Enloe said. **Pneumo Corp.** and **May Department Stores Co.** also proved to be wise choices for the fund, he said.

Continued on page 15

Bond funds top index

By Rose Darby

NEW YORK — Shorter maturities were the key to better performance for bank and insurance company commingled fixed-income funds that excelled for the year ended June 30, according to Pensions & Investments' Performance Evaluation Report.

While the Shearson LBKL Index had a lackluster time-weighted total return of 1.8% for the period, the PIPER median fund scored a 2% return.

The time-weighted total returns for the two funds that tied for first place — Citizens Trust Co. in Sheboygan, Wis., and First National Bank in Jackson, Miss. — far exceeded the market at 12.1%.

Citizens Trust's mortgage fund, with $22 million in total assets, was its high performer. That fund is managed by Chamber's Investment Management Group, a firm made up of former Citizens Trust employees, said Kathleen Mulhall, vice president.

"We created the mortgage fund at Citizens four years ago as an anchor to provide attractive income returns with a minimum of principal volatility," Ms. Mulhall explained.

Commercial mortgages with maturities of five years or less represent 30% of the fund. Another 30% is in guaranteed investment contracts with three-year average maturities. A combination of floating-rate Small Business Administration loans and certificates of deposit and GICs makes up the final 40%.

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SEI-Funds survey of investment firms

Large banks lead in fee increases

By Barry B. Burr

CHICAGO — The money management fees of large banks and trust companies skyrocketed during the past year, compared with fee increases of other investment counselors.

On average, large banks and trust companies raised fees 30%.

Data derived from a survey by SEI-Funds Evaluation Services, Chicago, showed by comparison:

- Small banks and trust companies, those managing less than $3 billion, raised fees 15.6% on average in the past year.
- Large investment counselors, those managing more than $1 billion, raised fees 9%.
- Small investment counselors, with less than $1 billion under management, raised fees 3.6%.

The SEI survey of 154 investment firms showed large banks and trust companies, although increasing their fees the most, still charge the lowest rates.

At the same time, small investment counselors, although raising their fees the least, still charge the highest rates.

David O'Donovan, SEI director, noted the survey included bank subsidiary money management firms under the bank-and-trust-company category. By doing so, he said the survey might have skewed the fees of bank and trust companies, because their money management subsidiaries tend to charge more than conventional banking organizations.

But Mr. O'Donovan said banks and trust companies themselves, besides their subsidiaries, are charging more for management.

In the past, he said, "Bank fees were low to develop client relationships in other areas of the bank," such as commercial banking. "But banks are getting away from that" and are charging higher fees.

Another consultant, Ron Jones, director of Hewitt Associates, Lincolnshire, Ill., agreed. "Banks and trust companies are playing catch-up with (investment) counselors," Mr. Jones said.

At the same time, their subsidiaries are charging even higher rates, Mr. Jones said. "A bank trust department can't charge 70 basis points but a subsidiary can," he added.

SEI surveyed the fees of the four groups of money managers (53 small and 54 large investment counselors and 27 small and 20 large banks and trust companies), for three types of portfolios (equity, fixed income and balanced) and for three account sizes ($10 million, $25 million and $50 million).

The firms base rates on the percentage of assets managed and quote fees in basis points; 100 basis points equals one percentage point.

For example, SEI found the median fee of large banks and trust companies managing a $25 million equity portfolio is 40 basis points, or $100,000. The fee represents a 54%, or $35,000, increase from 1983 when the median fee of large banks and trust companies for managing $25 million in equities was 26 basis points, or $65,000.

In contrast, the median fee of small investment counselors for running $25 million in equities is 60 basis points, or $150,000. In 1983,

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Investment management fees (in basis points)*

	Balanced fund size ($ mil.)			Equity fund size ($ mil.)			Fixed fund size ($ mil.)		
	$10	$25	$50	$10	$25	$50	$10	$25	$50
Large counselors (more than $1 billion under management)									
Highest	100	100	90	100	100	100	50	50	50
25th quartile	75	65	65	88	67	55	50	38	34
Median	64	56	48	65	58	50	40	35	30
75th quartile	50	48	39	50	48	41	35	30	25
Lowest	38	35	27	38	35	27	25	20	21
Small counselors (less than $1 billion)									
Highest	100	95	85	100	100	100	55	52	51
25th quartile	75	61	55	77	65	56	50	40	36
Median	63	54	44	68	60	50	42	35	31
75th quartile	55	43	35	58	49	42	35	29	27
Lowest	37	30	25	37	30	25	25	20	20
Large banks and trust companies (more than $3 billion)									
Highest	65	56	46	85	76	73	50	44	38
25th quartile	50	46	38	50	50	38	36	32	29
Median	47	38	32	50	40	33	33	27	25
75th quartile	34	24	20	33	24	20	30	23	18
Lowest	25	19	17	25	19	17	17	13	11
Small banks and trust companies (less than $3 billion)									
Highest	75	66	65	75	66	65	55	42	37
25th quartile	60	51	41	60	51	41	45	35	29
Median	50	40	34	50	40	34	38	30	28
75th quartile	39	30	27	39	30	27	35	27	22
Lowest	22	17	13	22	17	13	22	17	13

Source: SEI Funds Evaluation

* 100 basis points equal one percentage point.

Agency to assume $10 million in liabilities

PBGC grants multiemployer plan split

By Tamara Hanneman

WASHINGTON — A multiemployer pension plan was granted a precedent-setting split when the PBGC assumed the pension liabilities of the bankrupt Fred Sanders Co., a former member of the plan.

The split, granted to the Council 30 Retirement Plan, which covers bakery and confectionery workers, was the first allowed since the Multiemployer Pension Plan Amendment Act was passed in 1980. In the case, the Pension Benefit Guaranty Corp. agreed to take on approximately $10 million in liabilities from the terminated portion of the plan serving the former ice cream company's employees, 600 on pay status, which includes retirees or those still on payroll, and 600 active.

Sanders went bankrupt effective August 1983. At that time, it was taken over by Michigan Confectioners Inc., which kept the Sanders name but did not join the Council 30 plan.

In such an event, the PBGC frequently divides the liabilities of the terminated portion of the plan among the remaining fund sponsors. The allotment of liabilities is determined by the sizes of the remaining sponsors.

In the Council 30 case, that would have stuck the next largest employer in the fund, Awrey Bakeries Inc., with approximately 80% of the Sanders liabilities, according to Awrey's attorney, Gary W. Novara. Coupled with its own liabilities, the sum would have been greater than the corporation's net worth, he said.

Awrey filed for a partition of the Council 30 plan in January 1981, a month before Sanders filed for bankruptcy. After the Sanders bankruptcy filing, Awrey withdrew from the plan, realizing Sanders no longer would meet its liabilities.

Under the PBGC settlement, Awrey once again will join Council 30 and take primary responsibility for the remaining 900 to 1,000 employees in it. The plan has about $7.2 million in liabilities and $1.1 million in assets.

The Council 30 plan will be split into two, the Sanders plan and the old Council 30 plan.

Fifty-eight percent of the assets and liabilities of the Council 30 plan will be placed in the Sanders plan and assumed by the PBGC. The remainder of the assets and liabilities will go into the "old plan" and be assumed by Awrey.

"The PBGC agreement was premised on Awrey's willingness to rejoin the plan and take on those responsibilities," said Robert Awrey, chairman.

By granting the split, the PBGC was acting on strong evidence that without a split, the plan was threatened with insolvency, Mr. Novara said. He added this problem might arise again in declining industries — those that once were labor-intensive and now are increasingly automated.

"This is a representative situation that demonstrates the hazards and liabilities of multiemployer plans," Mr. Awrey said. ■

Cash management survey available

The results of *Pensions & Investment Age*'s annual survey of corporate cash managers' attitudes toward their cash management banks are reported on page 35. Copies of the 60-page survey are available to readers.

For details contact Julie Hunt, *Pensions & Investment Age*, 220 E. 42nd St., New York, N.Y. 10017.